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RESTRICTIVE TRADE PRACTICES COMMISSION

REPORT

Concerning Alleged Instances of Resale Price Maintenance
in the Sale of China and Earthenware

DEPARTMENT OF JUSTICE
OTTAWA

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1954

RESTRICTIVE TRADE PRACTICES COMMISSION

REPORT

CONCERNING ALLEGED INSTANCES OF RESALE
PRICE MAINTENANCE IN THE SALE OF
CHINA AND EARTHENWARE

COMBINES INVESTIGATION ACT

Ottawa
1954



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RESTRICTIVE TRADE PRACTICES COMMISSION

C. Rhodes Smith, Q.C., M.A., LL.B., B.C.L.
Chairman

Guy Favreau, B.A., LL.B.
Member

A. S. Whiteley, B.A., M.A.
Member



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RESTRICTIVE TRADE PRACTICES COMMISSION

Room 451, Justice Building,
Ottawa, March 10, 1954.

Honourable Stuart S. Garson, Q. C.,
Minister of Justice,
Ottawa, Ontario.

Sir:

I have the honour to submit to you herewith the report of the Restrictive Trade Practices Commission dealing with alleged instances of resale price maintenance in the sale of china and earthenware in the provinces of Quebec, Ontario and British Columbia.

The matter was brought before the Commission by the submission of a statement of the evidence obtained in the inquiry by the Director of Investigation and Research under the Combines Investigation Act and has been dealt with in accordance with the provisions of Sections 18 and 19 of the Act.

Argument on the Statement of Evidence was heard by the Commission in proceedings before the Chairman and Mr. A. S. Whiteley at Vancouver on October 29, 1953 and at Toronto on November 25, 1953. In these proceedings Mr. J. J. Quinlan appeared on behalf of the Director of Investigation and Research and Messrs. Grey Hamilton, Q. C., and J. S. Maguire appeared on behalf of the parties mentioned in the Statement of Evidence, Mr. J. S. Maguire appearing only at the hearing at Vancouver.

Mr. Guy Favreau was not present during the argument and took no part in the preparation of this report.

Yours faithfully,

(Sgd.) C. R. Smith
Chairman

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CHAPTER I

INTRODUCTION

1. Reference to the Commission

This inquiry was brought before the Restrictive Trade Practices Commission under Section 18 of the Combines Investigation Act, R. S. C. 1952, Chapter 314, which reads as follows:

- "18. (1) At any stage of an inquiry,
- (a) the Director may, if he is of the opinion that the evidence obtained discloses a situation contrary to section thirty-two or thirty-four of this Act, or section four hundred and ninety-eight or four hundred and ninety-eight A of the Criminal Code, and
 - (b) the Director shall, if so required by the Minister, prepare a statement of the evidence obtained in the inquiry, which shall be submitted to the Commission and to each person against whom an allegation is made therein.
- (2) Upon receipt of the statement referred to in subsection one, the Commission shall fix a place, time and date at which argument in support of such statement may be submitted by or on behalf of the Director, and at which such persons against whom an allegation has been made in such statement shall be allowed full opportunity to be heard in person or by counsel.
- (3) The Commission shall, in accordance with this Act, consider the statement submitted by the Director under subsection one together with such further or other evidence or material as the Commission considers advisable.
- (4) No report shall be made by the Commission under section nineteen or twenty-two against any person unless such person has been allowed full opportunity to be heard as provided in subsection two."

The Director of Investigation and Research under the Combines Investigation Act submitted to the Restrictive Trade Practices Commission a Statement of Evidence dated the 1st day of

October, 1953, which contained the following allegations:

1. That Parsons-Steiner Limited, being a dealer within the meaning of Section 34 of the Combines Investigation Act (enacted as Section 37A by Chapter 30 of the Statutes of Canada, 1951 (2nd Session) and renumbered by Chapter 39 of the Statutes of Canada, 1952) did, from time to time during the years 1952 and 1953 require or induce, or attempt to require or induce: R. I. Cherry, carrying on business under the firm name and style of The Gift Shop, 54 de la Fabrique Street, Quebec, P.Q., The China Shop Limited, 12 de la Fabrique Street, Quebec, P.Q., Lords Jewellers, 533 Ouellette Avenue, Windsor, Ontario, Sidney Reynolds Limited,* Government and Humboldt Streets, Victoria, B.C., Woodward Stores (Victoria) Ltd., Douglas and Courtney Streets, Victoria, B.C., Woodward Stores Limited, Vancouver, B.C., Archibald & Shepherd (Imports) Limited, 550 Beatty Street, Vancouver, B.C., and Household Fair Limited, 2617 Granville Street, Vancouver, B.C. to resell china and porcelain ware and related products, including Royal Doulton figures, and other Royal Doulton products at a price not less than a minimum price, or at a discount not greater than a maximum discount specified by Parsons-Steiner Limited.
2. That the said Parsons-Steiner Limited did, during the years 1952 and 1953 attempt to induce G. R. Gregg & Co., Vancouver, Limited, 322 Water Street, Vancouver, B.C., McLennan, McFeely & Prior Limited, 99 East Cordova Street, Vancouver, B.C., Marshall-Wells B.C. Limited, 549-573 Carrall Street, Vancouver, B.C., and Cassidy's Limited, 1178 Hamilton Street, Vancouver, B.C., to refrain from selling Royal Doulton figures to Household Fair Limited, 2617 Granville Street, Vancouver, B.C., because the said Household Fair Limited was selling Royal Doulton figures at less than the suggested minimum prices specified by Parsons-Steiner Limited.
3. That the misconduct alleged in paragraphs 1 and 2 hereof was carried out by Parsons-Steiner Limited, by and through its officers, directors and employees, all of whom were acting in the course of their employment and within the scope of their authority as such officers, directors or employees.
4. That in the opinion of the Director the following persons, who were officers, directors, or employees of Parsons-Steiner Limited during the whole or part of the period

* The correct spelling is Sydney Reynolds Limited.

mentioned in paragraphs 1 and 2 hereof, were concerned in the misconduct alleged in the said paragraphs:

E. W. Steiner, Vice-President, Parsons-Steiner
Limited

E. A. Steiner, President, Parsons-Steiner Limited

J. G. McEwan, Salesman, Parsons-Steiner Limited

5. That the misconduct alleged against Parsons-Steiner Limited in paragraphs 1 and 2 hereof was carried out in part by the late H. M. S. Parsons, who died on or about May 23, 1953, and who, at all material times covered by this statement and until his death, was president of Parsons-Steiner Limited. He was succeeded as president by the said E. A. Steiner, who had been vice-president of the company. The said E. W. Steiner, who had been a director of the company, became vice-president.
6. That the said G. R. Gregg & Co., Vancouver, Limited, being a dealer within the meaning of Section 34 of the Combines Investigation Act, did, during the years 1952 and 1953 refuse to sell or supply Royal Doulton figures to the said Household Fair Limited for the reason that the said Household Fair Limited had resold Royal Doulton figures at a price less than the suggested minimum price specified by the said G. R. Gregg & Co., Vancouver, Limited.
7. That the misconduct alleged in paragraph 6 hereof was carried out by G. R. Gregg & Co., Vancouver, Limited by and through its officers, directors and employees, all of whom were acting in the course of their employment and within the scope of their authority as such officers, directors or employees.
8. That in the opinion of the Director, the following persons, who were officers, directors or employees of G. R. Gregg & Co., Vancouver, Limited during the whole of the period mentioned in paragraph 6 hereof, were concerned in the misconduct alleged in the said paragraph.

Herbert Geddes, President and Manager,
G. R. Gregg & Co., Vancouver, Limited

George F. Cousins, Salesman
G. R. Gregg & Co., Vancouver, Limited

At the same time that the Statement of Evidence was submitted to the Restrictive Trade Practices Commission, copies were sent by the Director to the corporations and individuals against whom allegations were made.

2. Legislation Affecting Resale Price Maintenance

Legislation affecting the practice of resale price maintenance was enacted at the Second Session of the Parliament of Canada in 1951, following and in accordance with recommendations made in an interim report on this subject by the Committee to Study Combines Legislation submitted in October, 1951.

The following definition of the practice was given in the Committee's interim report:

"By resale price maintenance we understand the practice designed to ensure that a particular article shall not be resold by retailers, wholesalers or other distributors at less than the price prescribed by the supplier, that is, in most cases, the manufacturer."

By Section 11 of Chapter 30 of the Statutes of Canada, 1951 (2nd Session) a new Section 37A was added to the Combines Investigation Act, which Section 37A was renumbered as Section 34 by Section 4 of Chapter 39 of the Statutes of Canada, 1952. This Section, which came into force on December 29, 1951, enacts as follows:

"34. (1) In this section 'dealer' means a person engaged in the business of manufacturing or supplying or selling any article or commodity.

(2) No dealer shall directly or indirectly by agreement, threat, promise or any other means whatsoever require or induce or attempt to require or induce any other person to resell an article or commodity

- (a) at a price specified by the dealer or established by agreement,
- (b) at a price not less than a minimum price specified by the dealer or established by agreement,
- (c) at a markup or discount specified by the dealer or established by agreement,
- (d) at a markup not less than a minimum markup specified by the dealer or established by agreement, or
- (e) at a discount not greater than a maximum discount specified by the dealer or established by agreement,

whether such markup or discount or minimum markup or

maximum discount is expressed as a percentage or otherwise.

(3) No dealer shall refuse to sell or supply an article or commodity to any other person for the reason that such other person

(a) has refused to resell or to offer for resale the article or commodity

(i) at a price specified by the dealer or established by agreement,

(ii) at a price not less than a minimum price specified by the dealer or established by agreement,

(iii) at a markup or discount specified by the dealer or established by agreement,

(iv) at a markup not less than a minimum markup specified by the dealer or established by agreement, or

(v) at a discount not greater than a maximum discount specified by the dealer or established by agreement, or

(b) has resold or offered to resell the article or commodity

(i) at a price less than a price or minimum price specified by the dealer or established by agreement,

(ii) at a markup less than a markup or minimum markup specified by the dealer or established by agreement, or

(iii) at a discount greater than a discount or maximum discount specified by the dealer or established by agreement.

(4) Every person who violates subsection two or three is guilty of an indictable offence and is liable on conviction to a fine in the discretion of the court or to imprisonment for a term not exceeding two years or to both. "

This new section of the Combines Investigation Act forbids a manufacturer or other supplier from requiring or inducing, directly or indirectly, any other person to resell an article at a specified price

or at not less than a minimum price, and makes it unlawful for a supplier to refuse to sell or supply an article or commodity to any other person for the reason that such person has resold or offered to resell the article or commodity at less than a price specified by the supplier or has refused to resell or offer for resale the commodity at not less than a specified price.

3. Hearings and Witnesses

Hearings for the taking of evidence in the inquiry had been held, on application by the Director of Investigation and Research, before Mr. C. Rhodes Smith, Q.C., Chairman of the Commission, at Vancouver, B. C., on March 30 and April 2, 1953, and at Toronto, Ontario, on June 24 and 25, 1953.

At Vancouver the following witnesses were examined:

Herbert Geddes, President and Manager

G. R. Gregg & Co., Vancouver, Limited,

George Frederick Cousins, salesman

G. R. Gregg & Co., Vancouver, Limited,

James Pitcairn, Manager,

Cassidy's Limited, Vancouver Branch

William Barclay Stewart, buyer for china and glassware

Cassidy's Limited, Vancouver Branch

Fred S. Mackie, Manager, china department,

McLennan, McFeely & Prior, Limited, Vancouver,
B. C.

Albert Lèsk, Manager

Household Fair Limited, Vancouver, B. C.

At Toronto the following officials and employees of Parsons-Steiner Limited were examined:

Ernest Albert Steiner, President

Edward Warren Steiner, Vice-President

James Gordon McEwan, Salesman

In view of the fact that the parties against whom allegations were made in the Statement of Evidence were widely separated geographically the Commission fixed a time for the hearing of argument at Vancouver, B. C., and a later date for further argument at a hearing in Toronto, Ontario. It was open to the parties concerned

to appear or be represented at both hearings and counsel for the parties situated in Toronto appeared at both hearings. In giving notice of the hearings for argument, the Commission informed the parties that they would have full opportunity to be heard in person or by counsel, and that they would have the opportunity of further examining any witness who had been called during the course of the inquiry or of having called any additional witnesses or of submitting additional documentary evidence. All the existing persons named in the Statement of Evidence as having carried out or been concerned in the alleged misconduct were represented by counsel, who made representations on their behalf at the hearings. At the hearing for argument which was held in Vancouver on the 29th October, 1953, one witness was recalled by counsel for one group of parties to give further evidence, and at the hearing for argument held at Toronto on the 25th November, 1953, two witnesses were recalled and certain documentary evidence was received.

CHAPTER II

OPERATIONS OF PARSONS-STEINER LIMITED AS AGENT OF DOULTON & CO. LIMITED

Parsons-Steiner Limited was incorporated by letters patent under the Canadian Companies Act about 1930, and has carried on business from its head office in Toronto as manufacturers' agents representing a number of English manufacturers of chinaware, earthenware and glassware. The president of Parsons-Steiner Limited, until his death in May 1953, was H. M. S. Parsons, who was succeeded as president by E. A. Steiner, the other substantial shareholder, who had been vice-president since the inception of the company. E. W. Steiner, son of E. A. Steiner, who had been an employee of the company for about twenty years, and had become a director in late 1952 or early in 1953, succeeded his father as vice-president.

Under an agreement entered into on April 7, 1933, Parsons-Steiner Limited became the sole agents in Canada for the sale of china and earthenware, dinner, tea, toilet ware and ornamental goods manufactured at the Burslem factory of Doulton & Co. Limited of Stoke-on-Trent, England. The scales of commission provided in the agreement were varied by letters from Doulton & Co. Limited to Parsons-Steiner Limited dated February 9, 1934, and November 9, 1937. The principal products of Doulton & Co. Limited with which Parsons-Steiner Limited has been concerned are earthenware figures and fancies sold under the trade name "Royal Doulton". Figures are sometimes referred to as figurines, while the term "fancies" embraces vases, character jugs and decorated lines other than dinnerware.

The agency agreement provided that Parsons-Steiner Limited, during the currency of the agreement, would not deal in similar goods made by any other manufacturer without written consent of Doulton & Co. Limited. Parsons-Steiner Limited was to call on dealers in Canada and solicit orders for products made by Doulton & Co. Limited and forward such orders to their principals in England. Parsons-Steiner Limited was to inquire into the financial status of customers and dealers and sell only to responsible firms. It was provided that goods should be sold at such prices and on such terms and conditions as the principals should fix from time to time, and that customers would be invoiced in the name of Doulton & Co.

Limited, with payment being made directly to the latter. Commissions payable to Parsons-Steiner Limited under the agreement were to be based on the payment received by the principals, and were due only after such payment had been received. The commissions applied on all sales made by Doulton & Co. Limited in Canada of the goods covered, whether orders had been placed through Parsons-Steiner Limited or not.

Provision was made in the agreement for Parsons-Steiner Limited to buy on its own account from Doulton & Co. Limited and resell such goods in the name of Parsons-Steiner Limited. Although the agreement contemplated that such transactions would arise only in connection with customers whose orders were not large enough for direct shipments from the factory, Parsons-Steiner Limited makes arrangements for direct shipments to customers whom it invoices, as well as selling goods from its own warehouse stocks.

There are thus three ways in which Doulton products falling within the classes for which Parsons-Steiner Limited is the sole Canadian agent may be sold in Canada. These are direct shipment on account of Doulton & Co. Limited, direct shipment on account of Parsons-Steiner Limited, which may be termed "import sales", and ex-warehouse sales by Parsons-Steiner Limited, which may be termed "stock sales". According to the evidence of E. W. Steiner, sales of products of Doulton & Co. Limited covered by the agency arrangement are made up of about $66 \frac{2}{3}$ per cent direct shipments invoiced by Doulton & Co. Limited, 25 per cent import sales invoiced by Parsons-Steiner Limited, and $8 \frac{1}{3}$ per cent stock sales (Evidence, November 25, 1953, pp. 451-2).

Doulton & Co. Limited maintains a list of direct accounts, and only those merchants so recognized are sold on a direct basis by the manufacturer. Wholesalers of chinaware are automatically accepted as direct customers, but neither Doulton & Co. Limited nor Parsons-Steiner Limited are desirous of enlarging the list of direct customers and retailers, unless old accounts, are accepted as direct customers only if purchases are made in substantial quantities. Direct customers thus consist of old retail accounts, and wholesalers and retailers buying in substantial quantities. Orders from customers recognized as direct accounts are sent directly to Doulton & Co. Limited, or may be transmitted by Parsons-Steiner Limited. Doulton & Co. Limited ships the goods so ordered direct to the customer, invoicing him for the shipment, and the customer makes payment direct to Doulton & Co. Limited. Parsons-Steiner Limited may receive a copy of the order, and, in any case, is sent a copy of the invoice and receives a commission on the sale. The prices charged the customer on such direct sales are set by Doulton & Co. Limited, and Parsons-Steiner Limited never owns or has possession of the goods.

In the case of import sales, Parsons-Steiner Limited accepts an order from the customer and transmits it to Doulton & Co. Limited with instructions that the goods are to be shipped directly to the customer. Doulton & Co. Limited bills Parsons-Steiner Limited for the goods so shipped, and the latter invoices the customer at prices set by Parsons-Steiner Limited and receives payment from the customer.

Stock sales are made by Parsons-Steiner Limited to customers in Canada from stocks of goods previously purchased from Doulton & Co. Limited and taken into the warehouse of Parsons-Steiner Limited in Toronto. For such sales Parsons-Steiner Limited acts in much the same way as a wholesaler, purchasing the goods from the manufacturer and reselling for its own account. Parsons-Steiner Limited receives a commission on the factory value of goods purchased for import or stock sales, in the same way as for goods sold on the agency basis.

CHAPTER III

POLICY OF PARSONS-STEINER LIMITED RESPECTING RESALE PRICES

Royal Doulton figures and fancies are produced essentially for decorative and ornamental purposes, and include many expensive items. Representatives of Parsons-Steiner Limited stated in evidence that they have endeavoured to have the Royal Doulton lines distributed through classes of stores catering to such trade. Mr. E. A. Steiner, who became president of the firm following the death of Mr. H. M. S. Parsons, gave the following evidence:

- "Q. What is your understanding of your obligation to Doulton generally? I know that could be quite a lengthy answer, but could you summarize it?
- A. Our obligations to the Doulton firm are to represent them in Canada and to refrain from selling anything of a similar value in a similar bracket, to represent them exclusively which, incidentally, we have fulfilled.
- Q. And as far as maintaining a type of dealership throughout the country, is there any understanding with them on the type of dealership you will maintain?
- A. Yes, I think I can say that, that they expect us to sell their stuff in stores that are worthy of selling their merchandise, with the dignity of their wares.
- Q. Is it fair to say they expect you to lend your co-operation to protect the prestige of the line?
- A. Yes.
- Q. Is it also fair to say that you are given rather wide discretion as to the decisions you will make in carrying out that policy?
- A. To a degree.
- Q. Have they ever entered into a decision of yours as to whether a new customer should be supplied?

A. Who? Doulton's?

Q. Doulton.

A. I think they leave that pretty much to our good sense."

(Evidence, June 25, 1953,
pp. 299-300)

His son, E. W. Steiner, who had become vice-president said in evidence:

"... One point we have always made clear is that we do want them to go into high class stores. We have had disturbance over that in past years, where they have put them in the wrong type of thing."

(Evidence, June 24, 1953, p.275)

It appears from the evidence that over the years Parsons-Steiner Limited has sought to establish uniformity in the retail prices of Royal Doulton lines among all stores in Canada distributing such products. Guidance as to uniform retail prices has been given by Parsons-Steiner Limited through the publication of a list of retail prices. In the case of Royal Doulton figures and fancies the price list has been in the form of a printed booklet. This booklet has been revised from time to time to take account of changes in landed cost of the products or alterations in the lines being manufactured. Included in the exhibits in the inquiry are copies of two price booklets, one bears the date April 1952 (Exhibit 12), and the other bears the date May 1953 (Exhibit 28). The latter did not contain revisions of the retail prices, but was issued to show the items in current productions. The price lists are entitled "Retail Prices - Royal Doulton Figures - Specialties, Character Jugs, Sundry Animals, Birds, Champion Dog Models, Bunnykins Nursery Ware." Although the price booklets are prepared by Parsons-Steiner Limited and distributed by the firm in Canada, the only designation on the list is "Royal Doulton Potteries, Burslem, England."

Mr. E. W. Steiner said that, while Parsons-Steiner Limited distributes the list of retail prices of Royal Doulton, no list of wholesale prices is distributed. He gave the following evidence:

"Q. Who receives these price books?

A. We distribute them to all our customers and we distribute them in bulk to wholesalers, who in turn, we assume, distribute them to their customers.

Q. When you say you distribute them to all your customers, you mean to your retail customers?

- A. Yes, to our accounts, retail and wholesale, to our accounts.
- Q. Do you distribute a suggested wholesale price as well, or is that simply this 33-1/3 off the list you were speaking of?
- A. We do not distribute any wholesale list, no, and as far as I know, the discount is 33-1/3 off the list. I have never inquired actually as to what discount they give.
- Q. You say you have never inquired what discounts wholesalers actually give?
- A. On Doulton?
- Q. Yes.
- A. I don't believe it has come up. It has just been one of those things that it is assumed it is 33-1/3% and as far as I know, they have all been doing it.
- Q. Has it been at Parsons-Steiner's suggestion that the discount was 33-1/3%?
- A. Conceivably. It goes back so many years that I can't just remember how it came about, but in all likelihood, I don't know how else they would know. "

(Evidence, June 24, 1953, pp.230-1)

It is the desire of Parsons-Steiner Limited that the retail prices set out in the price lists should be followed by retailers. The purpose in having the printed price lists distributed to the trade was described by E. W. Steiner as follows:

- "Q. What is the purpose of sending it out to the trade?
- A. The idea is so that we will have a degree of orderliness throughout the trade from a price standpoint.
- Q. By orderliness do you mean uniformity?
- A. Uniformity, yes. Without it we have confusion and it is almost impossible to do business without giving them some guidance. They ask for guidance as to what to sell it at, and that is our answer.
- Q. Some of them ask for that?
- A. Oh, a large percentage. "

(Evidence, June 24, 1953, pp. 259-60)

The evidence does not contain any definite explanation of the position or attitude of Doulton & Co. Limited in regard to the resale of its products in Canada. It is clear from the evidence that Parsons-Steiner Limited took the position that its principals would regard unfavourably sales at less than the listed retail prices on the part of direct accounts in Canada, and in one exhibit there is a copy of a letter sent from Doulton & Co. Limited to a customer in Canada describing the attitude of the manufacturer toward price wars. It was stated by E. A. Steiner, however, that the writer of this letter did not have authority to represent the manufacturer. At the same time there is nothing to indicate that the views expressed in the letter were contrary to the attitude of Doulton & Co. Limited, and, in fact, they are in keeping with the policy attributed to the manufacturer by Parsons-Steiner Limited.

Following the passage in December 1951 of the amendment to the Combines Investigation Act banning resale price maintenance, inquiries were made of Parsons-Steiner Limited by some merchants of Royal Doulton lines as to the observance of the listed retail prices. In a letter dated February 1, 1952, from Jas. A. Ogilvy's Limited, department store, Montreal, to Parsons-Steiner Limited, Mr. H. M. S. Parsons was asked what he proposed to do about figurines. The following reply was contained in a letter of February 4, 1952:

"Regarding the prices for Royal Doulton Figures, I have discussed this matter with the T. Eaton Co. and others, and whilst we haven't anything to do with price fixing in Canada, and we are not going to have anything to do with it, at the same time we are permitted to issue Retail price lists with 'suggested' Retail prices. Now, we cannot force the retailers to keep to these prices, but if the direct accounts such as yourself, Eatons and Simpsons etc. do not choose to maintain these prices, then we do not think the factory will ship any merchandise to people who break them. This would be a matter entirely out of our hands. As you know the Canadian Government cannot force English manufacturers to ship goods to a customer in Canada."

(Exhibit 27, serial 57)

J. and J. Sutherland Limited of Woodstock, Ontario, wrote to Mr. Ernest Steiner on February 15, 1952, in regard to an Eaton advertisement. The letter read:

"Doubtless you have seen Eaton's ad. of February 12th. in which they have cut 'Grantham' practically 20%.

Will you advise me confidentially whether we should cut this price or whether you can prevail upon Eatons to sell on the standard list. We understand the situation, in so far as the Canadian Government is concerned, in that you cannot force

them to sell at any particular prices. However, as Messrs. Doulton & Co. are out of the Canadian Government's jurisdiction, we see no reason why Doulton's could not advise them that they would be forced to stop selling them unless they would conform to standard prices.

Naturally, you will have many thoughts along these lines and we would be obliged if you will advise us with regard to this situation. Any information which you will send us will be held in strict confidence."

(Exhibit 27, serial 58)

Although the letter was addressed to Mr. Ernest Steiner, he referred it to Mr. Parsons, who replied as follows on February 20, 1952:

"I have and thank you for your letter of February 15th regarding Eaton's advertisement of February 12th for Royal Doulton 'Grantham' pattern.

Eaton's know perfectly well that the factory might not ship them any goods if they cut the prices, in fact Eaton's have already been told this. This Spot Light Sale was a 'flash in the pan' in that it was on sale for one day only. They were back to the regular prices the day after the sale, and I do not think it will happen again."

(Exhibit 27, serial 59)

Mr. E. A. Steiner said that the reply had not been discussed with him, and, when asked for his opinion as to the attitude which might be taken by Doulton & Co. Limited, he gave the following evidence:

"Q. Is it your opinion that Doulton's would react in that manner? Was there anything in your business dealings with Doulton's that would lead you to believe that they would?

A. I don't know. I have not got an established opinion."

(Evidence, June 25, 1953, p. 295)

In December 1952, the managing director of Henry Birks & Sons (Ontario) Limited, Ottawa, wrote to Parsons-Steiner Limited about a reduction in the price of dinner services advertised by another Ottawa merchant. A copy of the letter was sent to Doulton & Co. Limited, who replied on December 31, 1952, and sent a copy to Parsons-Steiner Limited. The letter read as follows:

"Reading the copy of your letter to Parsons Steiner Limited dated 20th December prompts me to write this personal note

irrespective of the comments you may receive from our Toronto friends.

The 'sniping' or price cutting to which you refer is deplorable, though insofar as it refers to Coalport and Paragon it is of no direct concern to us, apart from the general undesirability of such practices.

We at Doultons feel that it is incumbent on manufacturers of repute to protect themselves - and, in the long run, their stockists - against any form of price war. In the immediate post-war years when supplies were inadequate to meet demands there was no danger of this sort of thing, but with the changed circumstances one observes a tendency toward 'stunt' selling, backed by ads, which somewhat exaggerate the facts. I am wondering how far your competitors have gone along this line in regard to the cutting you kindly sent us.

One thing is certain. If there is evidence, as is suggested by the ad, that Doulton bone china dinnerware has been cut, then we shall take the strongest possible line with them, and I am sure that Messrs. Parsons Steiner Limited will have already taken action.

We will not tolerate the cheapening of any Doulton line in a price-cutting war between one store and another, and we feel strongly that if this positive attitude were adopted by all reputable manufacturers the danger would vanish over-night. What happens in the case of lower grade merchandise is, of course, another story.

For these reasons, and for the protection we shall afford you by positive action, I feel you cannot possibly think in terms of Royal Doulton when, in the closing paragraphs of your letter, you suggest retaliation."

(Exhibit 27, serial 98)

The practice followed by Parsons-Steiner Limited in dealing with complaints that goods were being sold at less than the prices shown in the price lists was described in the following way by E. A. Steiner:

"Q. Could you describe the policy of the company with regard to pricing of Doulton figures - that is, retail pricing of Doulton figures? What is the firm's policy with regard to price-cutting?

A. With regard to price-cutting?

Q. Yes.

A. Well, if we had a complaint about price-cutting, we would write the individual and ask him if it were so, and suggest that he stick to the printed lists of suggested retail prices.

Q. And have cases arisen where he has refused to comply?

A. No."

(Evidence, June 25, 1953, p.290)

Mr. Steiner went on to say that such complaints were not received with any regularity and that the company did not solicit complaints or encourage the reporting of deviations from listed prices. Mr. E. A. Steiner was asked what he thought was the reason retailers treated the company's requests in regard to prices with respect:

"Q. Can you tell us in your opinion why that is so?

A. Well, I think the reason is that they respect our decision to have a suggested retail price.

Q. You believe they are generally in accord with that?

A. Yes, quite.

Q. To your knowledge has any one been threatened with cut-off of supply for this reason?

A. No.

Q. Do you remember occasions of dealers' supplies being cut off for other reasons?

A. No, no instance."

(Evidence, June 25, 1953,
pp. 291-2)

During his examination in regard to a particular complaint of Royal Doulton lines being sold at a price reduction, Mr. E. A. Steiner gave the following explanation of the practice usually followed:

"Q. Would you invite information as to who is doing the cutting?

A. No, I think I would be more definite than that, and find out the one that was doing the cutting.

Q. How would you ordinarily find that out? How would you ordinarily find out who was doing the cutting?

A. Well, I would wait until I was in the town and make a survey, that would be probably the most likely.

Q. Is it at all unusual for you to do this sort of thing, that is, ask one of the firms in town, particularly the firm which has complained, to let you know who is cutting the prices? Was this any departure from your regular course of action?

A. No. This sort of thing came to my desk so infrequently that we did not have a defined policy.

Q. In any case, that was your action in this case, to inquire as to the firms?

A. That is right.

Q. If you visited a city and found out that certain firms were cutting the prices, would you speak to them at that time?

A. That is right.

Q. Would you visit the dealers who were cutting the prices and ask them to bring their prices into line?

A. That is right.

(Evidence, June 25, 1953,
pp. 301-2)

Mr. E. W. Steiner gave the following evidence when asked what steps Parsons-Steiner Limited had taken to promote observance of retail prices named by it:

"Q. You mentioned that these are suggested retail prices. Does Parsons-Steiner Limited take any action to promote the maintenance of those retail prices?

A. By promoting the maintenance what do you mean, sir?

Q. Taken any steps with the end in view that those prices shall be observed?

A. We have written on numerous occasions to customers suggesting or asking them to fall in line with the prices, yes.

Q. That is, you have requested them to observe those retail prices. Is that a fair statement?

A. Yes.

Q. Have you ever suggested to any of them that they might be deprived of the supply of goods if they did not

observe those prices?

A. I don't believe so."

(Evidence, June 24, 1953, p.231)

In general, it appears that Parsons-Steiner Limited issued lists of retail prices for the purpose of attempting to have the goods included in such lists sold at uniform prices across Canada. It received complaints of price reductions from such lists and sought information as to retailers making any reductions. Parsons-Steiner Limited wrote to retailers with whom it did business or were known to it in regard to price deviations on their part, and asked them to fall in line with the list prices. Parsons-Steiner Limited was also prepared, when there was opportunity, to investigate complaints of reductions from list prices and to have a representative of the firm call on retailers to ask them to bring their prices into line. It would also appear that Parsons-Steiner Limited desired to have a scale of wholesale prices followed by wholesalers in the sale of some, at least, of the lines in which it dealt, and there is one instance disclosed in the evidence in which Parsons-Steiner Limited asked a wholesaler to apply a given discount to its list of retail prices (Exhibit 27, serial 41).

CHAPTER IV

EFFORTS OF PARSONS-STEINER LIMITED TO SECURE OBSERVANCE OF RESALE PRICES

Since the passage of the legislation affecting the practice of resale price maintenance, Parsons-Steiner Limited has received and dealt with a number of complaints of price reductions from its list prices on the part of certain retailers. Parsons-Steiner Limited has also requested a wholesaler to apply a standard rate of discount to retail list prices in the sale of certain goods. The instances reviewed in this chapter are cited by the Director of Investigation and Research in the Statement of Evidence, together with the case of Household Fair Limited, which will be dealt with in the next chapter.

1. In Quebec and Ontario

(a) The Gift Shop, Quebec City

On July 10, 1952, Gilles Lamontagne, manager, Korker Shops Limited, 42 1/2 de la Fabrique Street, Quebec City, wrote to Parsons-Steiner Limited enclosing an illustrated folder issued by The Gift Shop, 54 de la Fabrique Street, Quebec City. The first part of the letter reads as follows:

"We just received your shipment of Doulton, for which we thank you very much.

With this letter you will find enclosed a folder which speaks by itself.

I am not suggesting any course of action, as I don't know what you can do about it, I would only like to call to your attention that price cutting has been quite an [sic] habit for that store for years behind and I don't think it is the way to handle as find [sic] a line as Royal Doulton,"

(Exhibit 27, serial 73)

The folder enclosed (Exhibit 27, serials 74-75) contained illustrations of some figures, one, "Old Balloon Seller", with a price

of \$15.00, and another, "Lady Charmain", with a price of \$26.00.

A reply to Mr. Lamontagne's letter was made by the late H. M. S. Parsons of Parsons-Steiner Limited on July 14, and contained the following:

"We have and thank you for your letter of July 10th and much appreciate you sending the enclosed leaflet.

This we will treat as very confidential and will advise you just why he is using these prices."

(Exhibit 27, serial 76)

On the same day Mr. Parsons wrote as follows to Mr. I. B. Cherry, The Gift Shop:

"We have one of your illustrated sheets before us and we are surprised to note that you have the 'Old Balloon Seller' priced at \$15.00 and 'Lady Charmain' at \$26.00.

As you know, the standard retail price for these Figures is \$17.00 and \$29.00 respectively, and are sending you, under separate cover, two additional price lists.

We should be pleased to hear from you on this."

(Exhibit 27, serial 77)

Replying to Mr. Parsons on July 15, Mr. Cherry wrote as follows:

"In reply to your letter of July 14th, the catalogue you refer to, regarding the retail prices of Royal Doulton figures was printed in 1950. We have not printed these catalogues since and are well aware of the retail prices of Royal Doulton figurines.

Thanking you for bringing this to our attention, we beg to remain,"

(Exhibit 27, serial 79)

This letter led to the following reply from Mr. Parsons on July 17:

"I have and thank you for your letter of July 15th and have carefully noted what you say, especially that you are well aware the retail prices of Royal Doulton Figurines.

You do not say that you are maintaining these standard

retail prices, and I should appreciate having your assurance on this point."

(Exhibit 27, serial 81)

Mr. Cherry, replying in a letter of July 22, wrote as follows:

"In reply to your letter of July 17th, I was very much surprised that you needed an assurance from me regarding the prices of Doulton figurines. We have never cut the price of Royal Doulton figures, as a matter of fact, we have some horses in stock that are three years old and if we could reduce the price we could certainly dispose of them, however we still have them in stock.

As you still deem it necessary to have my assurance, I 'hereby solemnly promise' that the price of the Doulton will be maintained as in the past. It is indeed unfortunate that I am unable to get to Toronto for a day, as I should like very much to have a talk with you and if possible, in September I intend to again have the pleasure of seeing you."

(Exhibit 27, serial 82)

While the correspondence was proceeding, Parsons-Steiner Limited had received another complaint about sales of Royal Doulton figures by The Gift Shop. On July 14, G. E. Seifert, managing director, Henry Birks & Sons Limited, Quebec City, had sent the following telegram:

"CHARLIE'S [CHERRY'S] GIFT SHOP SELLING BALLOON FIGURINES 14 DOLLARS WE HAD TO REFUND ON TWO PIECES SOLD SATURDAY STOP CANNOT MAINTAIN PRICES UNLESS WE ARE PROTECTED."

(Exhibit 27, serial 78)

Mr. Seifert of Henry Birks & Sons wrote to Parsons-Steiner Limited on July 16 to confirm his telegram of July 14, and concluded his letter as follows:

". . . now we find that he is advertising your Doulton Figurines approximately 20% under retail list. It is our intention to meet any competition, but it certainly will not be interesting for any of us in the retail china business, if we are forced to cut prices. Our friend may be a very important account to you, but we feel that Birks Quebec Branch has given your Factory good support and representation in our China Dept., and certainly Birks Organization should be a major account for your Company, and we, in the Quebec Branch,

would hate to be forced to break the forced [sic] retail price on such a well-known line as Doulton figurines. We anxiously await the outcome of the investigation mentioned in your wire of July 14th last."

(Exhibit 27, serial 80)

No telegram of July 14 from Parsons-Steiner Limited is in evidence, and the next communication in regard to this matter is a letter of July 24, 1952, from Mr. Seifert to Parsons-Steiner Limited reading as follows:

"Re Cherry's Gift Shop.

We have not heard from you again since our telegram and letter of July 16th, as to what you intended doing about bringing our friend into line, and again this morning, we had an American customer in to purchase 'Orange Lady', our price bring \$19.35, whereas down the street, she had been offered this figurine for \$19.00 U.S. Funds. When the Montreal stores began charging discount on American money, we attempted to do the same for two weeks, however, as the other stores would not follow us, we were reluctantly [sic] forced to absorb this discount, however, we very much dislike this continual chiselling on 'so called' set retail prices, but we do not intend to lose any sales and will meet competition at every opportunity."

(Exhibit 27, serial 83)

This letter is marked as being received on July 28, and, in the meantime, Mr. Parsons had written to Mr. Seifert on July 25:

"Re: The Gift Shop.

We have carried out quite an extensive investigation regarding the above store and we cannot find any evidence of them cutting prices of Royal Doulton Figures. We even went to the trouble to have friends of ours go in and check his prices.

If you can get a bill showing that he sold a Figure at a cut price, I do not think the factory would ship any more to him. As you know, according to the Canadian law, one cannot compel him to maintain the retail prices, but the Canadian Government cannot compel Doulton & Co. to ship him further supplies.

I assure you we have done everything we can and pending definite proof that he is cutting prices, we cannot do much more."

(Exhibit 27, serial 85)

(b) The China Shop Limited, Quebec City

A report that a competitor had reduced the price of toby jugs was made by Mr. Cherry of The Gift Shop in a letter of July 25, 1952, to Mr. Parsons. Mr. Cherry wrote:

"Enclosed is a s/s toby jug that was just purchased at the China Shop on Fabrique St. you can see they are selling them for \$2.50 instead of \$2.75.

One customer returned eight to us because we would not meet the China Shop's price."

(Exhibit 27, serial 84)

A reply to this letter was made by Mr. E. A. Steiner on July 30, in which he said:

"Thank you for your letter of July 25th with reference to the China Shop on Fabrique St. selling Doulton Character Jugs for \$2.50 instead of \$2.75.

Mr. Parsons and the writer expect to be in Quebec in early September and shall investigate this thing thoroughly and also will, in the meantime, try to establish his source of supply and have the situation corrected."

(Exhibit 27, serial 87)

When asked to explain the reference in the foregoing letter to "investigate", E. A. Steiner said in evidence that he meant the practice of making a survey while in the city to find out who was cutting prices and then visiting the dealers and asking them to bring their prices into line, as outlined in that part of his testimony given at page 19 in the preceding chapter.

Mr. Steiner was then examined further in regard to his reply:

"Q. Would you then go around to the store, and once you were satisfied that he was cutting the price, call his attention to the correct price and ask him to bring his price into line?

A. Yes.

Q. You also say, 'and also will, in the meantime, try to establish his source of supply and have the situation corrected.' What did you have in mind when you wrote that sentence?

- A. I had in mind that he was buying them from a certain firm, and I would write that firm and ask them to make it clear that the price is so and so.
- Q. You would ask his supplier to get in touch with him?
- A. That is right, because in this particular case we don't sell that man.
- Q. Is this man sold through a wholesaler?
- A. That is right.
- Q. So your reason for finding out his source of supply was that it might be dealt with by the person representing Doulton with whom he had the most direct contact?
- A. The wholesaler from whom he buys the Doulton, yes.
- Q. Would you then expect the wholesaler to draw his attention to the correct prices and ask him to adhere to those prices?
- A. That is correct. . . ."

(Evidence, June 25, 1953,
pp. 303-4)

On the same day, July 30, that E. A. Steiner replied to Mr. Cherry he also wrote to Messrs. Rioux's China Shop, 12 Fabrique Street, Quebec, P. Q. as follows:

"We understand that you are selling the small size Royal Doulton Toby Jugs at \$2.50 whereas the suggested selling price from coast to coast is \$2.75.

We are very sure that this was not done with intent but rather by a misunderstanding and we are sending you herewith a price-list of all the various items to avoid a re-occurrence of this nature. A letter from you assuring us on this point would be greatly appreciated."

(Exhibit 27, serial 86)

Mr. W. J. Rioux, China Shop Limited replied in a letter of August 1, which contained the following:

"Acknowledging receipt of your letter of July 30th, and current Retail list of the Royal Doulton figures.

In regard to the prices of the Toby Jugs, we had about one dozen of the jugs which were obtained from one of your jobbers and as we did not have a copy of the current prices we were charging \$3.00 until our attention was drawn to the fact that other stores along the street were selling the same Tobys at \$2.50, hence, our reason for disposing of the Tobys at a price which was a little less than the suggested selling price.

As you are aware, we have not been very fortunate in having any Doulton for a number of years therefore, we do not believe that there will be a re-occurrence [sic] of this nature unless the powers that be change their mind."

(Exhibit 27, serial 88)

The evidence does not contain any explanation of Mr. Rioux's reference to the supply of Doulton products, and the only other document bearing on this matter is a letter of August 13, 1952, (Exhibit 27, serial 90) from Mr. Cherry to Parsons-Steiner Limited, in which Michelson Wholesale is reported as the supplier of toby jugs to the China Shop.

(c) Lords Jewellers, Windsor, Ontario.

According to the evidence of J. G. McEwan, the dealings of Parsons-Steiner Limited with Lords Jewellers, Windsor, Ontario, had generally been through Shanfield's Jewellers in the same city, the proprietor of which had done the buying for both stores. For this reason, when a report was received that Lords Jewellers had been selling Doulton Character Jugs at a reduction of 10%, Mr. McEwan wrote as follows to Shanfield's Jewellers on February 27, 1952:

"It has been drawn to our attention that Lord's Jewellery have been selling Doulton Character Jugs at a 10% reduction on the standard retail price-list. As you know, we have endeavoured over the years to maintain retail selling prices on this line and despite the recent Government ruling every one from coast to coast has been most co-operative in continuing this policy. It may be that these prices were reduced inadvertently.

We are, however, enclosing herewith our current retail list covering all Doulton Figures and Fancies and would appreciate if you would confirm that your prices have now been brought into line with this list."

(Exhibit 27, serial 61)

Mr. McEwan said in evidence that, although the matter was

strictly not one of selling, he regarded the writing of the letter as coming under his duties.

In a letter dated February 28, H. Greenbaum, Lords Jewellers, made the following reference to price reductions:

" . . . Also regarding discounts on Doulton Figures & mugs we for one if you remember wrote you regarding price lists on them. As we have the name of other china stores that are giving discounts as the customers tell us, and we lose sales because we will not give the discount. "

(Exhibit 27, serial 62)

Mr. McEwan's reply to this letter, under date of February 29, contained the following:

"Now with regard to standard retail prices on Doulton Figures, Jugs etc. Would you be good enough to bring your prices into line with the rest of the trade and also advise the writer by return mail as to the dealers in question whom you say are selling Doulton at a discount. We assure you that such information will be treated with utmost confidence and we in turn will communicate with the parties in question. "

(Exhibit 27, serial 63)

The evidence does not contain any further correspondence in regard to this matter, but Mr. McEwan said that the communication which would be sent in such circumstances would be a letter enclosing a price list and asking the party to be good enough to bring his prices into line (Evidence pp. 286-7).

2. In British Columbia

(a) Woodward Stores (Victoria) Limited and Woodward Stores Limited, Vancouver

On April 9, 1952 Parsons-Steiner Limited sent out a circular letter to the trade reading as follows:

"We are suggesting that Doulton Figures be sold at a discount of 10% effective immediately, in view of the fact that in the recent budget the 25% excise tax has been reduced to 15%.

We are in the process of printing a completely revised suggested price-list incorporating this reduction and would

appreciate if on receipt of this new list you would amend your prices accordingly. "

(Exhibit 22)

This circular seems to have been confusing to some members of the trade, and Sydney Reynolds Ltd., Victoria, B. C., wrote to Parsons-Steiner Limited on April 28, 1952, inquiring whether the discount would be based on cost or retail price. The letter went on, as follows, with reference to price variation in the sale of character jugs:

"Further, we note that the Woodward stores here in Victoria have a window display of the large size Character Jugs plainly marked at \$5.25 each instead of at the suggested list price of \$6.00. Are we correct in assuming from your letter the reduction of 10% was intended to apply only on the figures?

As we are in the process of unpacking our Doulton shipment, we rather hesitate to price the figures until we hear from you.

We feel sure you will agree with us that it is of vital importance to all concerned to maintain a staple [sic] price; otherwise it will create confusion and dissatisfaction[sic] amongst our American friends. "

(Exhibit 27, serial 1)

In a reply to this letter on April 30, E. W. Steiner wrote:

"Thank you for your letter of April 28th and are pleased to advise that we are to-day distributing across Canada copies of the complete new price-list covering all Figures and Fancies as per copy we are enclosing.

It is quite true there has been a certain amount of confusion pending receipt of this price-list but we trust that this will all be cleared up in the immediate future. We would appreciate if you would check carefully to see that your various Doulton lines are priced as suggested in our new list. "

(Exhibit 27, serial 3)

On the same date, E. W. Steiner wrote to J. C. Haddock, general manager, Woodward Stores (Victoria) Limited, and made the following references to the new price list:

". . . We are enclosing a copy of our new price-list covering Doulton Figures and Fancies which, by the way, are being distributed to the trade across Canada during the course of the next day or so.

We would appreciate if you would check very carefully to see that any Doulton lines you have in stock agree with our new price-list. There has been a certain amount of confusion regarding the prices of such items as Character Jugs and it will be very helpful if you will bring these into line."

(Exhibit 27, serial 2)

Sydney Reynolds Ltd, referred again to price variations by Woodward's in the sale of character jugs in a letter of May 17, to Parsons-Steiner Limited, which read as follows:

"Referring to your letter of April 30th advising us of the new Doulton retail price list.

This was duly received, and all our Doulton Figures and Fancies are now priced accordingly.

I am sorry to have to report the Woodward store here in Victoria is not co-operating, which is causing a good deal of confusion and unpleasantness.

They are displaying in a shop window a few doors above us Character Jugs with price tickets as follows:

Large Size	\$ 5.25
Small "	2.50
Miniatures	1.50

Then again, some of the figures show the same variations while others are marked at the list price.

We feel, and I am sure you agree, that it is not a matter of the amount of the reduction; but the fact that without their co-operation in adhering strictly to the Doulton price list, the real purpose of the list is defeated; and in a short time we are going to find other stores will start to further reduce, and the confidence of the buying public will be lost as regards the just value of a piece of Doulton.

The present position is embarrassing to ourselves as we find the public are not interested in our trying to explain the difference in prices, with the result we are not giving the figures nor the character jugs the publicity they should have.

Trusting you will be successful in restoring harmony amongst us here in Victoria before our busy season starts."

(Exhibit 27, serial 4)

Replying to this letter on May 20, E. W. Steiner wrote:

"Thanks for your letter of May 17th in which you point out that Woodward's are not adhering to our suggested prices for Character Jugs. We have already written to them once asking that they make any alterations necessary to fall in line with our new price-list and we are again contacting them and feel confident that as a result of our letter they will re-mark any Doulton Ware which they may have on hand."

(Exhibit 27, serial 5)

On this occasion Mr. Parsons wrote J. C. Haddock of Woodward Stores Limited, and his letter of May 20 was as follows:

"A short time ago we had a little trouble in Victoria regarding the price of Doulton Figures, but you were good enough to put this matter right.

We now find that there is some trouble in the pricing of Character Jugs, in that the difference in price is not very serious. It is just one of those instances where your man in Victoria is not following our regular price list. For instance, he has a large size Character Jug at \$5.25 instead of \$5.50, he has the small size Character Jug at \$2.50 instead of \$2.75 and the miniature Character Jugs he has at \$1.150 instead of \$1.75.

It would save a lot of headache if you would be good enough Courtney, to instruct him to adhere to the new Doulton price list. I will look forward to a note from you regarding this request."

(Exhibit 27, serial 6)

In a further letter to J. C. Haddock on May 28, E. W. Steiner refers to a letter of May 21 from Mr. Haddock, which is not in evidence. Mr. Steiner's acknowledgment read:

"Thanks for your letter of May 21st and appreciate your co-operation in lining up any Doulton you have on hand to agree with our most recent price-list.

We note that you have some Pottery purchased from Doulton which is not moving at all and if you find it necessary to reduce prices to move this stock we would not have any objection."

(Exhibit 27, serial 7)

On May 29 Mr. Haddock of Woodward Stores (Victoria) Limited replied to Mr. Parson's letter of May 20. His letter in part,

was as follows:

"Thank you so much for your kind letter of May 20th., and your information that some of our pricing of Doulton is causing some trouble. I have gone into this very carefully Howard, and I think that your informant is mistaken.

We have taken particular pains here to price all our Doulton articles strictly in accordance with the new list which Warren forwarded to us. It took us a great deal of time to take off all the old labels and replace them with new. We do not, as you may recall, use a crayon pricing method, but rather we have a neat printed gummed label for pricing our merchandise. I quite believe that the person who has been writing you, complaining about our prices, has confused our Doulton jugs with a few samples of 'Thoralely' which our London office have sent us.

As a matter of fact Howard, we have been working quite closely with the better accounts in Victoria. When the change in tax took effect the Hudson Bay, Eatons, Francis Jewelers, Roses and ourselves all met to decide on policy. We have had several meetings in this way, and we have worked in perfect harmony over here. It does get rather tiresome when we are continually being sniped at by trouble makers."

(Exhibit 27, serial 8)

In connection with inquiries made into the sale of Royal Doulton figures to Household Fair Limited, Vancouver, which are described in the next chapter, Parsons-Steiner Limited received a letter dated October 8, 1952, from F. Mackie, manager, China Department, McLennan, McFeely & Prior Limited, Vancouver, which contained the following:

"Incidentally while the subject is on tap, Woodward's Stores have, and insist on selling, Character Jugs below the suggested retail and I have personally phoned but there have been no changes made."

(Exhibit 27, serial 43)

On October 15, E. W. Steiner wrote as follows to Woodward Stores Limited, Vancouver:

"It has been brought to our attention, we do not know how correctly, that your firm are selling Royal Doulton Character Jugs below those suggested in our most recent price list.

We would appreciate if you would be good enough to check into this matter since we are confident, if this is the case, it is purely and simply an error on the part of your marking clerk."

(Exhibit 27, serial 45)

(b) Archibald & Shepherd (Imports) Limited, Vancouver

Among the lines for which Parsons-Steiner Limited acts as manufacturer's agent is Royal Albert, which is made by a different manufacturer than the company producing Royal Doulton. The same attention appears to have been given by Parsons-Steiner Limited to prices of Royal Albert as has been shown in the case of Royal Doulton. On October 3, 1952, E. W. Steiner wrote to Archibald & Shepherd (Imports) Limited, Vancouver, regarding the prices at which the latter was wholesaling Royal Albert's "Ivy Lea" pattern. His letter contained the following:

"It has been brought to our attention that you are wholesaling Royal Albert's 'Ivy Lea' pattern at prices slightly under those which are being maintained by all other jobbers in Canada.

The wholesaling practice which has been generally adopted, is to handle a pattern at prices which figure at actual discount of 33-1/3% from the retail price list. A further discount of 10% is arrived where purchases are made in the amount of \$300.00, but this is the only basis where an additional 10% discount is allowed.

We are enclosing one of our retail price lists 'D' which covers the 'Ivy Lea' pattern and would appreciate if you would check into this matter to see that your prices are in line."

(Exhibit 27, serial 41)

A reply from Archibald & Shepherd (Imports) Limited, dated October 8, 1952, contained the following:

"This will acknowledge receipt of your letter of October 3rd regarding our prices on Royal Albert 'Ivy Lea' pattern.

We must confess that it was through ignorance that we have been selling this pattern at prices slightly under those being maintained by all other jobbers in Canada. We probably should have been, but were not aware of the fact that the wholesale figure is retail less 33-1/3%, but now that you have advised us of this fact, we have adjusted our prices accordingly, and all future shipments will be invoiced at the proper figure."

(Exhibit 27, serial 42)

CHAPTER V

THE CASE OF HOUSEHOLD FAIR LIMITED, VANCOUVER, B. C.

Household Fair Limited is a retail store located at 2617 Granville Street in Vancouver dealing in china, household hardware and general merchandise for the home, including Royal Doulton products. At the time of the hearings in Vancouver in March 1953, Household Fair Limited had been carrying on business at 2617 Granville Street for about two years, having moved to that location from premises about half a block away. According to the evidence of Albert Lesk, manager and principal shareholder of Household Fair Limited, the chinaware department of the business was enlarged when the move was made.

Mr. Lesk said in evidence that Household Fair Limited had handled Royal Doulton products at its former location. Supplies had been brought in from Calgary, but Mr. Lesk was not sure whether he had secured any Royal Doulton from sources in Vancouver prior to the change in location.

It appears that, when Household Fair Limited became established in its new location, it began actively to seek to secure Royal Doulton figures from wholesalers in Vancouver dealing in such products. During 1952 purchases of Royal Doulton figures were made by Household Fair Limited from the following wholesalers operating in Vancouver: G. R. Gregg & Co., Vancouver, Limited, Marshall-Wells B. C. Limited, McLennan, McFeely & Prior Limited and Cassidy's Limited.

1. Parsons-Steiner Limited Seeks Wholesalers' Co-operation in Controlling Sale of Royal Doulton by Household Fair Limited

On June 6, 1952, E. W. Steiner wrote as follows to G. R. Gregg & Co., Vancouver, Limited:

"We have been sent a copy of ad placed by the Household Fair Ltd, 2617 Granville St. in which they are offering a 25% discount on Doulton Figures and Royal Albert.

In as much as the Tea set they are offering is 'Blue Pansy' pattern we are assuming that these people have been buying their stock from you. If this is the case would you make

it difficult for these people to obtain supplies in the future.

You can understand how anxious we are that our suggested retail prices be maintained and the havoc that would arise were dealers to start offering 25% discounts. Your co-operation and assistance in this particular instance will be most appreciated."

(Exhibit 5; Exhibit 27, serial 11)

Neither the copy of the advertisement nor its source is in evidence.

Mr. Herbert Geddes, president and manager of G. R. Gregg & Co., Vancouver, Limited was examined on the foregoing letter, and part of his evidence was as follows:

"Q. Now when you read this letter from Parsons-Steiner Ltd. what did you think about it? You see it states here 'You can understand how anxious we are that our suggested retail prices be maintained'. Are those the prices contained in this book from Parsons-Steiner.

A. That book only pertains to Royal Doulton figures and not the Prince [sic] Albert.

Q. But insofar as the Royal Doulton figures are concerned those are the suggested retail prices he is talking about?

A. Yes that is right.

Q. Now he also says in this letter, Mr. Geddes, 'If this is the case' - and he is referring to his assumption that this 'Blue Pansy' pattern was purchased from you 'would you make it difficult for these people to obtain supplies in the future. Your co-operation and assistance in this particular instance would be most appreciated.'

This is at the bottom of the second paragraph. Now what did you do in the way of offering co-operation and assistance.

A. Nothing at all, as far as the Royal Albert stuff was concerned - we sell them to them and sell them whenever we have the stuff on hand - and these figures we would sell them whenever we had them available.

Q. And would you sell them to Household Fair.

A. Yes, I would. I would write Parsons-Steiner and ask them to give us guidance -

- Q. Well did you take any steps at that time to make it difficult for these people to get a supply of these goods.
- A. Absolutely none, and that would include the Doulton figures too. We never made it difficult for them to get them whenever we had them available.
- Q. Did you believe when you read that letter you were being asked to do anything else than to make it difficult for them to get supplies.
- A. Well I didn't take that letter very seriously.
- Q. It did not convey anything else to you, except that you should make it difficult for them to get supplies?
- A. Well, it indicated to me it meant a desire on their part to maintain the prices of their goods and we did it so far as we could co-operate with dealers, but we did not commit ourselves to do it and we sold them the goods - those goods referred to there, - 'Blue Pansy' stuff and so on."

(Evidence, March 30, 1953,
pp. 22-23)

On June 12 Mr. Geddes replied to the letter of June 6 from E. W. Steiner as follows:

"Replying to your letter of June 6th, re the matter of supplying Household Fair with Doulton Figures and Royal Albert, we are glad you have brought this to our attention, for this man has been in business for a long time in another location, and conducted over these years a kind of household fair in the residential community of Fairview. He sold that business some time ago, and moved nearer town, and has changed his whole policy, and put in quite a high class store, and a good chinaware and gift department.

It was probably no thanks to us that we did not always sell him for he was good enough pay, but while he ran the old store we did not have the type of stuff that he sold, so it is only recently that we have been able to cultivate his trade, and we have done that still on a very small scale.

This man had from us on the 27th of February nine Doulton Figures, and two days ago he had eight Doulton Figures. He is certainly not advertising our Doulton Figures at any discount, for he is paying the full price for them, and is most exacting in his selection. We are sorry to see that he has ever advertised in this fashion, and you can leave it with us to see that he does not

abuse this privilege again, but it is not necessary to tell you that he is not advertising our Figures when the total quantity he has ever had from us was nine Doulton Figures.

So far as Tea Ware is concerned he has bought 'Tea Rose' and 'Blue Pansy' in 1951, \$75.00 each case, but since these were delivered to him nine months ago it is evidently not this particular stuff that he is advertising now.

We hope this makes it clear that this small handfull [sic] of goods that he has bought from us during the past twelve months does not in any sense constitute what he may be advertising at cut prices, for he is very well stocked with merchandise, which he must have bought from other sources but us. This, however, is largely aside, if you will leave the matter with us we will guide our business for him in the future so that there will be no embarrassment either to your position or ours so far as the goods he buys from us are concerned, but we cannot accept responsibility for what may happen over the whole chinaware business, since this man is evidently in touch with sources of supply which have filled his store with merchandise, out of which we have supplied him with not more than one per cent. of what he has in stock."

(Exhibit 6; Exhibit 27, serials
12 and 13)

The following testimony was contained in Mr. Geddes' evidence with respect to his reply:

- "Q. . . . What did you mean by that sentence 'We would see that he does not abuse this privilege again.'
- A. Well because there would be no possible chance of our having any Doulton figures to offer him.
- Q. But if you did have them you would offer them to him is that right,
- A. Well I would first write Parsons-Steiner and ask if they would give us protection if we had to sell them.
- Q. At that time you had sold him a few Doulton figures?
- A. Yes.
- Q. And you also sold him some Doulton figures subsequently did you not,
- A. Yes that is right.

Q. So at the time you wrote that letter there was a possibility that you would have some Doulton figures for him.

A. No - there was just as much possibility of it as there is now.

Q. But you had more to offer at that time.

A. Yes we did but if certain circumstances would arise again - I would not take an order from him on the chance of having any of the stuff today.

Q. Well do you do that with any of your other customers,

A. No, none."

(Evidence, March 30, 1953,
pp. 24-25)

"Q. Well just what did you mean in that [letter of] June 12th Mr. Geddes by saying 'If you will leave the matter with us we will guide our business for him in the future so that there will be no embarrassment either to your position or ours so far as the goods he buys from us are concerned.'

A. Well I just meant if they left the business with us, and he was trying to get more goods from us than he should get or was getting the goods from us to destroy the market here -

Q. What do you mean by destroy the market.

A. Well destroy the market with our customers - competing customers - these goods were scarce and he was the last man on the list and we probably would not have those goods for him when other people wanted them, but we were making a great effort at that time to share the goods around amongst our customers and give goods to him.

Q. But the price could not have anything to do with your action at that time.

A. No we did not know he was cutting the price at that time and there might have been other people who were cutting it and we wouldn't know about it.

Q. But you had been advised by Parsons-Steiner that he was cutting the price.

A. Yes that was the only way we knew of it."

(Evidence, March 30, 1953,
pp. 27-28)

Mr. E. W. Steiner wrote to Mr. Geddes on June 19, 1952, and made the following reference to the correspondence regarding Household Fair Limited:

"Thanks for your letter of June 12th and 13th. We have carefully read your remarks regarding the Household Fair and quite agree with what you say. We know that we can rely 100% upon your judgment of this account."

(Exhibit 7; Exhibit 27, serial 14)

G. R. Gregg & Co., Vancouver, Limited continued to do business with Household Fair Limited, and on September 3, 10 and 11, 1952, sold the store various lots of goods, principally Royal Doulton figures (Exhibits 2, 3 and 4).

The following paragraph was contained in a letter of August 21, 1952, to Parsons-Steiner Limited from Dixon's Fine Arts Ltd., 639-41 Howe Street, Vancouver, a retail dealer in china:

"How can hardware stores have window displays selling Top of the Hill, Autumn Breeze, Sweet and Twenty, Miss Demure, Lady Charmain and also dog models at 25% off?"

(Exhibit 27, serial 18)

The following reference to this query was made in a reply of August 27, by E. W. Steiner:

"[We] were amazed to learn that a Hardware store has a window display of Doulton Figures at 25% off. It would be extremely helpful if you would let us have the name of this firm so that we can trace their source of supply and obviate this type of thing happening in the future."

(Exhibit 27, serial 19)

No particular store is mentioned in this exchange of correspondence, and there is nothing in the evidence to indicate whether or not the letter of August 21, from Dixon's Fine Arts Ltd. had reference to Household Fair Limited. Mr. E. W. Steiner gave the following explanation of his reply:

"Q. . . . How did you hope to obviate this type of thing happening in the future?

A. What I hoped to do is all in the correspondence. I wrote to every wholesaler pointing out that it is the type of store that does our line only harm. Mind you, we are in their hands. They do the distributing for us. We have no

control over them whatever. We can only ask them to put them in the better class stores."

(Evidence, June 24, 1953, p.238)

In a further letter of September 3, 1952, to Parsons-Steiner Limited, Dixon's Fine Arts Ltd. specifically mentioned Household Fair Limited in describing displays of Royal Doulton figures:

"Last evening we had an opportunity of viewing the window display of Household Fair at 2617 Granville St. The following list is very interesting:

On display were:

Jersey Milk Maid	19.88
Rowena	19.88
Judith	19.88
Susan	18.75
Old Balloon Seller	16.00
Calumet	16.75
Sabath [sic] Morn	20.53
Sweet Maid	14.47
Summer	23.95
Goody Two Shoes	8.25
Lady Charmain	25.89

These are the items in view. Further back in the shop on shelves were Top of the Hill, Autumn Breeze, Afternoon Tea, The Gossips, Blithe Morning, Easter Day, Flower Sellers Children, Balloon Man, Forty Winks, The Cobbler, The Carpet Seller, Silks and Ribbons, Sweet and Twenty and a splendid assortment of small figurines.

After viewing this display, Dorothy and I walked up from 10th Ave. to 14th Ave. on the west side and back on the East side of Granville to 10th Ave. and we viewed six displays of Doulton Figurines all at regular prices.

The displays are in Dress Shops, Wool Shops and Fancy goods shops etc. We saw more Top of the Hill and Autumn Breeze figurines than we have had collectively in two years. I trust Warren this information will be of interest and helpfull [sic]."

A second page to the letter contained the following post-script:

"The window display in which the figurines were shown was a mass showing of cheap glassware, tin ware, mixing bowls, plain white earthenware and all makred [sic] including the figurines with 'Black Greese [sic] Pencil'.

How dignified."

(Exhibit 27, serials 22 and 23)

The following table shows the prices as given in the letter of September 3, and those listed for the same figurines in the retail price list distributed by Parsons-Steiner Limited (Exhibit 12):

	<u>Letter</u> <u>September 3, 1952</u>	<u>Royal Doulton</u> <u>Retail Price List</u>
Jersey Milk Maid	19.88	21.50
Rowena	19.88	22.50
Judith	19.88	21.50
Susan	18.75	22.00
Old Balloon Seller	16.00	17.00
Calumet	16.75	17.50
Sabbath Morn	20.53	23.75
Sweet Maid	14.47	16.00
Summer	23.95	26.00
Goody Two Shoes	8.25	12.50
Lady Charmain	25.89	29.00

Mr. E. W. Steiner replied on September 10 as follows:

"Thanks for your letter of September 3rd and to put it mildly, we were shocked at your report of the Figures in the Household Fair and other stores along Granville Street. You may rest assured that we are taking immediate action to have this situation rectified, and to avoid any such similar incidents in the future.

We, of course, do not supply any of these firms and they must of necessity, be procuring their supplies through Vancouver jobbers such as Cassidy's, McLennan, McFeely & Prior Limited, Marshall Wells, etc. We have cautioned these wholesalers on numerous occasions that they must of necessity, show a high degree of selection of placing Doulton Figures, and evidently these instructions are being overlooked. We are to-day writing all wholesalers pointing out that under no circumstances, those firms of the type you mentioned, be supplied with Doulton Figures and when the writer is in Vancouver on his next trip, which incidentally will probably be shortly after the turn of the year, will pursue the matter a great deal further at that time. We very much appreciate the trouble you and Dorothy have gone to, to bring this matter to our attention."

(Exhibit 27, serial 25)

Under date of September 18, E. W. Steiner wrote to the following wholesale firms in Vancouver: McLennan, McFeely &

Prior Limited, (Exhibit 24); Marshall Wells B. C. Limited, (Exhibit 27, serials 29 and 30); Cassidy's Limited, (Exhibit 20; Exhibit 27, serials 31 and 32) and G. R. Gregg & Co., Vancouver, Limited, (Exhibit 8; Exhibit 27, serials 27 and 28). The letters all of which were in similar terms read as follows:

"We have recently received reports of a retailer in Vancouver, The Household Fair Limited, 2617 Granville Street, who are not only selling Royal Doulton Figures at prices considerably under our suggested retail prices, but who are also displaying them in an undignified manner which is unworthy of the product.

We have no idea who is supplying this firm, and accordingly are writing all wholesalers from whom they may possibly have acquired their stock on hand, asking that this firm be watched very closely to avoid a repetition of similar incidents in the future.

As you know, we are extremely anxious that Royal Doulton Figures be sold only to outlets that will in no way have a harmful effect on the prestige of a line of this nature.

There is no question in the writer's mind that we have not had your personal co-operation in this important matter, but somewhere along the line in some wholesalers sales force, there has been a slip-up in supplying an account of this nature.

We would appreciate if you would again take up with your sales force the importance of supplying only first class outlets with Royal Doulton Figures since we feel that the future sales of Royal Doulton hinge on this very important point. "

Mr. E. W. Steiner gave the following explanation of his request that the retail store be watched:

"A. . . . I believe I said to watch the account very closely, and similar accounts in future. We rely on our wholesalers for our distribution and we must have our class of ware in high class shops. That is the only thing we ask them to do, is to put them in better class shops.

Q. Was that the only reason you asked that this account be watched?

A. Incidentally, they were selling figures, I am given to understand, at a discount but on that ground we could do nothing, of course, and were aware of that. "

"Q. What action did you contemplate at that time?

A. Exactly what I did. I wrote to every wholesaler in Vancouver pointing out that this type of account was being supplied, which they knew was against our wishes, and asking them to watch it very carefully in the future that the figures were only supplied to the better class stores."

(Evidence, June 24, 1953, p. 236)

It may be noted that, although E. W. Steiner in his letter of September 10 to Dixon's Fine Arts Ltd. indicated that he would be writing to the wholesale distributors in regard to Household Fair Limited and "those firms of this type you mentioned", the only specific reference in his letters of September 18, was to the retail store selling at reduced prices. He did, however, emphasize the wish of Parsons-Steiner Limited that Royal Doulton figures be retailed only in first class stores.

2. Wholesalers' Response to Letter from Parsons-Steiner Limited

(a) McLennan, McFeely & Prior Limited

On October 8, 1952, F. S. Mackie, manager of the china department, McLennan, McFeely & Prior Limited, made the following reply:

"We wish to acknowledge yours of September 18th regarding Royal Doulton.

I am very surprised at your accusation regarding my personal co-operation regarding sale of Doulton Figurines. I, as you know, have always had my cards on the table even to handling of opposition figurines, which - as you know - we do not do.

This particular account has not procured figures from us and it has cost us other business from him as I refuse to be a partner to price cutting on lines such as Royal Doulton.

Incidentally while the subject is on tap, Woodward's Stores have, and insist on selling, Character Jugs below the suggested retail and I have personally phoned but there have been no changes made.

It appears that whoever gave you to understand that Household Fair purchased figures from us is buck passing to

save face. However, I am glad you have brought the subject up because I again assure that no Doulton Figures have ever left the China Department without my O.K. and again assure you that we are - I would say - your most co-operative wholesale regarding price maintenance."

(Exhibit 25; Exhibit 27, serials 43 and 44)

Mr. Mackie said in evidence that complaints by other retailers that Household Fair Limited was cutting the prices of Royal Doulton figures had reached him directly and through his salesmen but he had done nothing about them. He said that he had never heard any complaint about the manner in which Royal Doulton figures were displayed by Household Fair Limited from any source other than the letter of September 18, from Parsons-Steiner Limited. Mr. Mackie stated that he had seen figures displayed at Household Fair Limited, and he did not think that they were being shown in an undignified manner (Evidence, April 2, 1953, pp. 162-164).

In explanation of his reply to Parsons-Steiner Limited, Mr. Mackie said that he was of the opinion that Household Fair Limited had failed to place orders with his company for other lines because Mr. Lesk felt that Royal Doulton figures were being withheld. Mr. Mackie gave further evidence as follows:

"Q. Now, you say 'This particular account has not procured figures from us' -- this was on October 8, 1952, and we have it in evidence that during 1952 McLennan, McFeely & Prior did sell some Royal Doulton to Mr. Lesk, is that correct?

A. Yes.

Q. Well, if that was the case, why did you say in this particular letter 'This particular account has not procured figures from us?'

A. Because I did not consider it any of Parsons-Steiner's business to know where our figures were sold.

Q. You thought it was none of their business?

A. That is right.

Q. And when you say you refuse to be a partner to price cutting on lines like Royal Doulton, did you mean that you would refuse to sell to an outfit that refused to maintain the retail price on Royal Doulton?

A. Well, we could not refuse.

Q. And you wouldn't?

A. No.

THE COMMISSIONER:

Q. You mean you could not legally refuse?

A. That is right.

Q. Nothing physically?

A. That is right."

(Evidence, April 2, 1953,
pp. 167-168)

It was stated by Mr. Mackie that from time to time he had suggested to retail merchants in Vancouver that they observe the listed retail prices for Royal Doulton lines, and that he had made such a suggestion to Mr. Lesk of Household Fair Limited and also to Woodward Stores Limited. No suggestion was ever made that supplies would be withheld if prices were not observed or that there was any requirement to follow the listed retail prices. On one occasion Mr. Mackie did hold up for a short time an order for Household Fair Limited because of the latter's price-cutting, but he was instructed by his superior, Mr. Daykin, sales manager, McLennan, McFeely & Prior Limited, to fill the order. Mr. Lesk gave the following evidence in regard to this order:

"A. . . . Then I spoke to Mr. Daykin. He is the sales Manager, and he told me it would never happen again. There would never be another hold up. Any order I gave them they would fill it; as long as they had the merchandise they would fill it.

THE COMMISSIONER:

Q. Did he indicate there was any difficulty in getting supplies?

A. No.

Q. And you would not have any difficulty in having your orders filled.

A. No.

Q. And had you?

A. No. "

(Evidence, March 30, 1953,
pp. 73-4)

The evidence indicates that McLennan, McFeely & Prior Limited received a shipment of Royal Doulton figures in March 1953, and that an order for Household Fair Limited was filled from that shipment.

(b) Marshall-Wells B. C. Limited

In reply to the letter of September 18, Parsons-Steiner Limited received a letter dated September 22, and signed "Marshall-Wells B. C. Limited - P. DelMué, Manager, China & Glassware Department". The following was included in this letter, which ran to more than two pages:

"We did not have any to give him except that once we let eleven go which were marked on the invoice to be given to him when the cask was opened. Around about the time when the cask was opened, we heard from some of our customers that this party was not maintaining prices, so we tried to stop that solitary shipment, but it was already too late. Since then, we did not do anything with him in Doulton; nor do we know what he did, whether he continued selling them underpriced or not. Every time he asked for them, it was easy for us to say that we did not have any.

A discussion with him as to why he was selling at a lower price did not take place, because if we had spoken with him about not maintaining prices, he would have jumped to the conclusion that we did not want to give him any and that was the reason for it. Seeing that we did not intend to sell him any, it would have served no useful purpose to discuss with him the price at which he should sell them."

(Exhibit 27, serial 34)

Mr. P. DelMué could not be called as a witness as his death occurred before hearings in the inquiry were held in Vancouver. Mr. Lesk testified that in 1952 Mr. DelMué had sent a Mr. Taylor from the china department of Marshall-Wells B. C. Limited to see him about the price of Royal Doulton figures. Mr. Lesk gave the following evidence:

"Q. Mr. Taylor came to see you, did he?

A. Yes, and he said 'Mr. Lesk you are cutting the prices of Royal Doulton. We cannot tell you not to, but Mr.

Delmay [DelMué] told me to mention it to you that Parsons-Steiner might take the line away from us if we do.'

Q. When did this happen?

A. It was the same day that we had the invoice from Marshall-Wells, and that same afternoon we received a shipment of Doulton from Marshall-Wells.

Q. One of Marshall-Wells invoices is dated July 25th, and there is another one of August 27th.

A. August 27th it would be.

Q. It would be about August 27th Mr. Taylor came to see you and told you these things?

A. That is right. He made himself quite clear there was nothing they could do. I could sell at any price I wanted to, but they were afraid the Doulton people might take the line away from them.

Q. Did he go so far as to say Parsons-Steiner had threatened they would do that?

A. No, they were just afraid they would. They had not seen Parsons-Steiner at that time, but they were just afraid Parsons-Steiner might take the lines away, and I told them it was none of their affair what I did.

Q. They did not indicate that they had had any communication from Parsons-Steiner that caused that fear?

A. No."

(Evidence, March 30, 1953,
pp. 71-2)

(c) Cassidy's Limited

The letter of September 18 from Parsons-Steiner Limited to Cassidy's Limited brought the following reply under date of September 19 from James Pitcairn, manager of the Vancouver branch:

"We wish to acknowledge your letter of September 18th regarding the sale of Royal Doulton Figures to the Household Fair Limited, 2617 Granville Street, Vancouver, B. C.

We are selling this account quite a lot of merchandise from our various departments, but the writer is not personally aware that we have supplied them with any Royal Doulton Figures. However, we are handing your letter over to our Mr. W. B. Stewart who is in charge of our chinaware department, asking that he investigate and write you direct regarding this.

It is not our intention that Royal Doulton Figures should be sold to an account where prices are going to be cut or where it might be considered the store is unworthy of the product, and we would be glad to co-operate with you in maintaining the proper standard for Royal Doulton Figures."

(Exhibit 21; Exhibit 27, serial 33)

Included in Mr. Pitcairn's evidence in regard to his letter was the following:

- "Q. And then you also say here: 'It is not our intention that Royal Doulton figures should be sold to an account where prices are going to be cut'. Is that a general policy?
- A. No that is a general statement I made myself and it is not company policy.
- Q. And when you say 'It is not our intention', whose intention do you mean?
- A. Cassidy's Ltd. I give the instructions.
- Q. Well so far as Cassidy's Ltd. of Vancouver you say Royal Doulton is not going to be sold to an account where prices are to be cut?
- A. No, I don't say it won't be sold. We agree with that idea but we don't necessarily follow it. I agree with the idea that the product should not be sold in a store that takes away the value of it. I agree with it but it does not mean we would enforce the policy. We don't enforce the policy.
- Q. Now you say you don't enforce the policy. Do you mean that Cassidy's Ltd. would sell to a store whether it was a price-cutter or not?
- A. It depends on the store. It depends -
- Q. What do you mean by that?
- A. We would not refuse to sell to Mr. Lesk.

Q. He is a good customer is he?

A. Oh yes. "

(Evidence, April 2, 1953,
pp. 129-30)

"Q. So far as you know has Mr. Lesk been a good credit?

A. Oh yes, he has been a good credit.

Q. Now I think that you mentioned that one of the factors that Cassidy's Ltd. would have to consider in determining the selling to particular customers, the particular store, whether it was worthy of the product, is that correct or not?

A. Yes.

Q. Would you consider whether or not it was a price-cutter?

A. It definitely would not under today's laws. In checking into some of these, if I may make it clear - to ever do anything to violate a law would be against our policy and we are not allowed by our Head Office which is against the law and if it is done by any chance it is done unwittingly.

Q. Well now I take it that your question [answer] is No. ?

A. Definitely No. "

(Evidence, April 2, 1953, p. 134)

Mr. W. B. Stewart, manager of the chinaware department in Cassidy's Vancouver branch, wrote to Parsons-Steiner Limited on September 29 as follows:

"We have done some investigating with regard to this particular account, which you mention, and have found that we have sold them very few figures this year. However, we have been advised that they have bought a large quantity from some other source, but we have unfortunately, been unable to find out who this source is and are therefore unable to give you more definite information.

In the future we will discontinue to sell this type of ware to this account, as we fully realize that he is not the right type of account to handle the Doulton Figurines. "

(Exhibit 23; Exhibit 27, serial 39)

Mr. Stewart said in evidence that Cassidy's Limited is on a quota basis with the manufacturer for the supply of Royal Doulton figures, and that each shipment received is apportioned among the company's salesmen, who, in turn, allocate the available goods among the company's customers. Mr. Stewart said that a share would be available for Mr. Lesk of Household Fair Limited if he asked for it (Evidence, p. 143-4).

This evidence with respect to Household Fair Limited differed from the statement made by Mr. Stewart in his letter of September 29 to Parsons-Steiner Limited. When examined on this point he gave the following evidence:

- "Q. You say in this letter 'in the future we will discontinue to sell this type of ware to this account.' Is that correct or not?
- A. Oh, I see what you are getting at. No we would prefer not to sell to that account owing to Parsons-Steiner's letter.
- Q. You say you would 'prefer', but will you?
- A. Well, that would also hinge on Mr. Pitcairn's final decision.
- Q. And so far as you know Mr. Pitcairn has not given any final decision on it, is that right?
- A. Not to my knowledge he hasn't. But there were none of those figures available in sufficient quantity to bring this up."

(Evidence, April 2, 1953, p. 150)

Mr. Pitcairn's evidence was that he had given no instructions not to sell Royal Doulton figures to Household Fair Limited. His evidence was as follows:

- "Q. And you have never given any instructions that he should not be sold any more Royal Doulton?
- A. Oh no, definitely not.
- Q. And so far as the general policy of Cassidy's is concerned, it is within limitation of supply that Mr. Lesk would be supplied with Royal Doulton the same as anyone else, is that correct?
- A. That is correct."

(Evidence, April 2, 1953, p. 137)

Mr. Lesk gave the following evidence in regard to a conversation he had with Mr. Thomas, salesman, Cassidy's Limited, in August or September, 1952:

"Q. Did you have any conversation with Mr. Thomas of Cassidy's as to what would happen if you did not maintain prices?

A. Quite a little while ago he said 'We don't like to see the price cut, but that is up to you. I am a salesman, and I have a quota, and I call down on you, and naturally I would like to get as much as I can.'

(Evidence, March 30, 1953, pp.75-6)

(d) G. R. Gregg & Co., Vancouver, Limited

The reply of Herbert Geddes, G. R. Gregg & Co., Vancouver, Limited, to Parsons-Steiner's letter of September 18, was dated September 26, and read as follows:

"We beg to acknowledge receipt of your letter of September 18th, which mainly refers to the matter of supplying Doulton Figures to the Household Fair, Limited, and we are as much surprised to have that letter as you might be to find that there was any necessity in writing it.

Further, let me assure you, you are having all the personal cooperation in the world in this matter, and, while we cannot state without some measure of being long, [sic] we do not believe that this man, even if he is cutting the price, which we very much deplore, is securing his supplies from us, because the first goods we ever shipped to him were in June of 1952. The goods were dated June 6th, and your letter complaining to us about his cutting the price was dated June 6th. Can you possibly imagine how he may have been offering goods which he could not have had in stock at the time your letter was written.

We approached this matter very carefully in connection with this man, because we have been most careful in selecting our accounts, and have never shown a figure in our sample room for years, neither have we delivered them indirectly. If anybody had any they had them in good faith, and on the understanding that they would maintain the prices. We do see these Figures sold in news stands, in hardware stores, tobacco shops and auto courts, and have always wondered how supplies of these people can be had, and why you would support the idea of these channels for retail distribution.

Now this man we discussed moved from his former store, which was a 'household fair' type of store, during which time we never sold him anything, Doulton Figures or anything else. He moved into quite a good class store, stocked it with middle to high class goods, dresses his windows as well as any good class chinaware store in the province of Ontario, and we have sold him a little stuff, including some of the best stuff we have in stock, and amongst it, on September 11th of this year, some few Doulton Figures.

We will not sell him any more Doulton Figures on any account, or offer him any, no matter how he applies for them, directly or indirectly, and whether or not he undertakes to observe the prices, for he is under the understanding that he is to observe the prices, and if he has not done it we will be just as glad to turn his business down as you will be. Since, however, we are not in a position to say that he might be using one or two of our Figures if he is cutting prices, we are still of the opinion that his supplies reached him before we ever did any business with him, and that the few that we have ever sold him have never constituted sufficient for him to make any display, or any influence in that market. Nevertheless, this is a closed chapter as far as he is concerned, and he will have no more Doulton Figures from us at any price, at any time."

(Exhibit 9; Exhibit 27, serials
37 and 38)

said: In giving evidence in regard to his reply, Mr. Geddes

"Q. . . . Now you said that you were very careful about this man. What did you mean by that?

A. Well we would not go out and cultivate a tobacco shop for Doulton figures.

Q. No I am speaking of this man Lesk.

A. Well he would be included in our list if we had the goods to sell him.

Q. And from time to time you did have the goods to sell him?

A. Yes that is right.

Q. Now you say: 'If anybody had any they had them in good faith, and on the understanding that they would maintain the prices.' How was that understanding arrived at?

- A. It never was discussed. It never was discussed at all. No condition was ever attached to any order and no promise was ever made and I don't remember an instance at any time of any person when they bought this stuff that they were advised that they would have to maintain the price. They had the books with the price list and they always seemed to know more about them than we did; but if anyone came in such as a tobacco man or a second-hand man off Cordova Street and he started talking about putting some of these Doulton figures in I don't think we would have encouraged him to buy them.
- Q. Well what does it mean here when you say 'If anybody had any they had them in good faith and on the understanding that they would maintain the prices?'
- A. Well they didn't conceal it, they didn't apologize for it and we are not ashamed of the business.
- Q. You didn't intend to conceal what?
- A. The fact that we supplied them.
- Q. No I am asking you what did you mean there by saying 'and on the understanding that they would maintain the prices?'
- A. There never was any understanding about that, but naturally there was a general understanding, without giving any expression to it at all that they were a firm worthy of putting these goods in their hands to sell.
- Q. And part of that worthiness would be the belief that they would maintain the suggested retail price, is that right?
- A. Well that they were not buying them for the purpose of capitalizing an advantage, but it wasn't a condition of the sale. It was never thought of as far as we were concerned.
- Q. And would you say that the question of price cutting of Royal Doulton never came up until this time?
- A. No, and there never was an agreement made or any conversation where we agreed to take a united action. There are three or four merchants who bring that stuff in here and we never had any correspondence or telephone message from any of them about getting together on the price and we never had any understanding on it.
- Q. And it would be fair to sum up your position then Mr. Geddes by saying so far as G. R. Gregg & Co are con-

cerned they have not agreed with anyone that they have supplied these Royal Doulton at [sic] [that] any suggested retail price should be maintained.

A. That is right.

Q. But you supplied them to people who you felt would not use them for price cutting?

A. Who would want to maintain the price - who would not only be willing to do so but would encourage it and ask for co-operation and that has become quite a common custom in business today - these people asking us for prices.

Q. And that would be a factor in guiding people who sold Royal Doulton?

A. Well it would be a factor but it wouldn't be a deciding factor.

Q. And there was no question about Mr. Lesk?

A. No.

Q. He is quite satisfactory?

A. Yes we have no question about him.

Q. And so far as G. R. Gregg & Co. are concerned you have no particular objection to the type of store they run?

A. No."

(Evidence, March 30, 1953, pp. 32-5)

Mr. Geddes' attention was directed to the passage in his letter of September 26, in which it was stated that under no condition would any sales of Doulton figures be made to Mr. Lesk. He gave the following evidence:

"Q. . . . Now is your understanding from that statement that no more Doulton figures would be supplied at all to Mr. Lesk by your firm.

A. The conversations with Mr. Lesk had become so frequent and so persistent - all one way conversations on his part - and his manner of fixing the answer that he wanted, and all the rest of it, that we had got tired of it and it was a futile matter to try to discuss the matter with him, and having no Doulton figures at all to offer him we just dispensed with it, because what was the use of talking about

it -- there was no more available and he would not get any more so why go back to the old matter which was impossible to correct.

Q. But you expected to get more Doulton goods supplied you, did you not?

A. There is a possibility of it?

Q. And you knew the manufacturer was still producing these Doulton figures and was still exporting them?

A. Oh yes, but they are producing less this year than they did last year.

Q. Since that time then, do I understand from your evidence that G. R. Gregg & Co. have changed their mind with regard to selling to Mr. Lesk and they are now prepared to sell to Mr. Lesk if they have some Royal Doulton to offer?

A. We have never changed our mind at all.

Q. Well according to this letter you say 'We will not sell him any more Doulton figures on any account, or offer him any, no matter how he applies for them, directly or indirectly.'

A. Well that was almost what you might call a desperate sweeping statement to close a matter that had been discussed and discussed and wrangling back and forth and for the simple reason we had no hope of having any for him.

Q. Now you mention here this phrase - 'and whether or not he undertakes to observe the prices' - had there ever been any discussion with Mr. Lesk asking him to observe the prices?

A. None at all. Any discussion - the only discussion was in those letters - that is the only discussion I ever heard and I think when their man was out here he may have discussed it but we did not make any statement or make any promise.

Q. Well in any event your letter sets out at that time that G. R. Gregg & Co. was not prepared to sell him any Doulton figures whether he undertook to maintain the prices or not?

A. Well the fact is we did sell him Doulton figures when we had them. When we didn't have them there was no use of doing business with him.

- Q. Well you said you did this to close off a conversation with Parsons-Steiner.
- A. That is right.
- Q. And it wasn't particularly true then?
- A. What I said is true and it is still true.
- Q. That you would not sell to him any more Doulton figures whether he undertook to maintain prices or not?
- A. If we had them here that would be another matter but we haven't them here and had no hope of getting them and I think it was quite a sensible thing for me to close that conversation.
- Q. Now you mention again that Mr. Lesk is under the understanding he was to observe the prices?
- A. He didn't get that understanding from us.
- Q. You say Mr. Lesk did not get it from you.
- A. No.
- Q. Then how did you come to the belief he was under the understanding he was to observe the prices.
- A. Well he had the book no doubt. They all seem to have the book.
- Q. Well did Mr. Lesk have it.
- A. I don't know if he did or not, but he knew more about it than we did.
- Q. But you say he was under the understanding that he was to maintain the prices?
- A. Well he knew what the prices were. He had the book but we never supplied it to him.
- Q. And then you say 'and if he has not done it we will be just as glad to turn his business down as you will be.'
- A. Well then at any rate he would quit talking to us and worrying us all the time.
- Q. In any event you wrote this letter as a sort of device of

getting Parsons-Steiner off your neck is that the idea?

- A. Yes, closing the conversation on anything that we could not do anything about at all - something that we could not remedy or correct or do anything but talk about it."

(Evidence, March 30, 1953,
pp. 36-39)

Reference has been made earlier in this report to the evidence that on several occasions in 1952, G. R. Gregg & Co., Vancouver, Limited sold Royal Doulton figures to Household Fair Limited. The last sale shown in the evidence is covered by an invoice dated September 11, 1952 (Exhibit 4). No subsequent sale of Royal Doulton figures by G. R. Gregg & Co., Vancouver, Limited to Household Fair Limited is shown by the evidence. It is shown by the evidence that, subsequent to September 11, 1952, Mr. Lesk of Household Fair Limited sought to buy Royal Doulton figures from G. R. Gregg & Co., Vancouver, Limited, and that the latter refused to sell such goods to Household Fair Limited. It has been stated on behalf of G. R. Gregg & Co., Vancouver, Limited, that between September 11, 1952, and the holding of the first hearings in the inquiry in March 1953, supplies of Royal Doulton figures in the hands of G. R. Gregg & Co., Vancouver, Limited were very limited, but it is admitted some stock was received in the period and that one small shipment of Royal Doulton figures, at least, had been received in 1953, prior to the date of the hearings.

Mr. E. W. Steiner made a sales trip to Vancouver early in 1953. During this visit, which probably embraced the latter part of January as well as the first part of February, he had conversations with customers of Parsons-Steiner Limited. Mr. E. W. Steiner said in his evidence that he recalled discussing Household Fair Limited with Mr. Geddes and Mr. Cousins, of G. R. Gregg & Co., Vancouver, Limited, but said he could not recall the nature of this discussion or any other which may have been held on the same subject with representatives of other wholesalers. His evidence was as follows:

"Q. You did have some conversation?

A. I can remember a conversation, yes.

Q. About that account?

A. Yes.

Q. Can you remember anything else about the nature of the conversation?

A. No, I cannot. There were other conversations. The only thing I retain out of the whole thing is that every one said that every one else was supplying them. I can remember

I came away with that impression. "

(Evidence, June 24, 1953, p.244)

On February 9, 1953, G. F. Cousins, a salesman for G. R. Gregg & Co., Vancouver, Limited, called on Household Fair Limited and took an order for some china, which did not include any Royal Doulton figures. Mr. Lesk of Household Fair Limited said in evidence that on this occasion, as on previous visits of Mr. Cousins, he inquired about Royal Doulton figures, and that on this occasion Mr. Cousins had told him that G. R. Gregg & Co., Vancouver, Limited had been informed by a representative of Parsons-Steiner Limited that the Royal Doulton line would be taken away if sales were made to anyone who did not maintain prices on this line. Mr. Lesk also gave evidence that on this occasion Mr. Cousins asked him if he were getting Royal Doulton from anyone else and that, when he replied that he was and offered to show the invoices, he had looked up the invoices and shown them to Mr. Cousins before he left the store.

Mr. Cousins' evidence agreed with that of Mr. Lesk's as to the date of the call on Household Fair Limited and as to the showing of the invoices. Mr. Cousins also gave evidence that Mr. Lesk had asked for Royal Doulton figures on February 9, 1953, as well as on previous occasions, and that he had told him that they had none for sale. Mr. Cousins denied that he had made any reference to the failure to maintain prices as a reason for not supplying Royal Doulton figures to Household Fair Limited. Mr. Cousins was shown a transcript of Mr. Lesk's evidence as to the conversation between them on February 9, 1953, and, when questioned about Mr. Lesk's statement, he gave the following evidence:

"Q. Do you recall if Mr. Lesk asked you or enquired from you whether he could get any Royal Doulton figures from you at that time?

A. Yes, he did and I said we had none for sale, which was quite true.

Q. Mr. Cousins, Mr. Lesk has given evidence in this enquiry with respect to the conversation between you and him on February 9th. That is the occasion we are talking about when you called at his store and you took an order from him. He says 'On February 9th, about 11:30, when Mr. Cousins came into the store I asked him about Doulton figures, and he said "Well Mr. Lesk I was in the hotel with my boss and Parsons-Steiner representative informed us if we sold to anyone who did not uphold the fixed price we would lose the Doulton line".' Now do you recall any such conversation -

A. No sir.

Q. - with Mr. Lesk?

A. No sir.

Q. It was never suggested to you by Mr. Steiner you might lose the Doulton line if you sold to an outlet that cut prices.

A. I don't remember that.

Q. You don't remember that?

A. No.

Q. Then do you say you never made any such statement to Mr. Lesk?

A. Not like that, not about price.

Q. If you wish to read the statement, that is the statement here.

A. I never said those words.

Q. And you say nothing of that nature transpired at the hotel either.

A. He might have spoken about Royal Doulton because he was so persistent and I never said anything. The man is very persistent and you cannot remember everything you said but I certainly did not say that.

Q. Well did anything of the nature that is referred to in that statement pass between you and Mr. Steiner at the hotel?

A. No.

Q. Was there anything suggested to you by Mr. Steiner that you might lose the Doulton line?

A. That is absolutely wrong.

Q. And you made no such statement as that to Mr. Lesk, is that correct?

A. No, not those statements.

Q. Well, what statements did you make to Mr. Lesk?

- A. When a man asks you about Doulton figures you have to say something and I just mentioned that they were in short supply, and I cannot give him any. When I go in to sell a man goods I never speak about Doulton until the shipment arrives, and an order is never made out until that stuff has arrived and the reason that Mr. Lesk got some was we got a little over at that time."

(Evidence, April 2, 1953,
pp. 105-7)

There may be some significance in the fact, made clear by Mr. Lesk's evidence, that he knew that Mr. Cousins and his boss had met with a representative of Parsons-Steiner Limited at a hotel and, further, as established by the evidence of E. W. Steiner that on this occasion there was some discussion of the sale of Royal Doulton figures to Household Fair Limited.

Mr. Lesk gave evidence that, after Mr. Cousins had left the store of Household Fair Limited on February 9, 1953, he had telephoned G. R. Gregg & Co., Vancouver, Limited and had asked for Mr. Gregg. There was no Mr. Gregg associated with the company at the time of the telephone conversation, but Mr. Lesk said that he did not secure any identification of the person at the office of G. R. Gregg & Co., Vancouver, Limited to whom he spoke. His evidence as to the telephone conversation was as follows:

"Q. Now, go ahead, Mr. Lesk. You were talking about this telephone conversation you had?

- A. Yes, and I was informed by that person who spoke to me that Parsons-Steiner had informed G. R. Gregg & Co. that should they supply me or anyone else who cut the price on Doulton they would lose that line, and they certainly were not going to lose that line, and I could do what I wanted about it, and I thanked this person for the information and I hung up."

(Evidence, March 30, 1953, p.67)

Mr. Geddes, of G. R. Gregg & Co., Vancouver, Limited, gave evidence that he had had a telephone conversation with Mr. Lesk, but he thought that his had been about two or three weeks prior to March 30, 1953, and that he had been brought into the telephone conversation as the result of a call to Mr. Cousins by Mr. Lesk. His evidence was as follows:

"Q. And what was the substance of the conversation?

- A. Just as I have described a few minutes ago. Mr. Cousins had been up seeing him and had another battle with him and

a long tirade about what we were going to do about the Doulton figures and he probably got so weary with it he just said: 'Well have it your own way - we haven't got the stuff to give you'. And then immediately after that - two or three days after that he called Mr. Cousins up again on the telephone and it was just the same thing over and over again and I went to the telephone and that was the time I told him we would not take an order from him or anyone else for Royal Doulton. It is the only way you can be with him - definite and conclusive. And I said 'When we have any Royal Doulton figures we will offer them to you.' And that was the way I wrote to Parsons-Steiner and told him when the question comes up we will discuss it.

Q. When you were talking to Mr. Lesk did you mention your visit to Mr. Steiner.

A. No.

Q. Or that Mr. Steiner had been in town?

A. No, I never mentioned Mr. Steiner, unless he mentioned Parsons-Steiner's name.

Q. That is you never mentioned Mr. Steiner or Parsons-Steiner to him.

A. No, it was a very short conversation - a very short conversation indeed.

Q. And you did not tell him you would have to stop supplying him if he did not maintain the retail price.

A. No, no, I didn't tell him that at all.

Q. And you didn't tell him you were going to remove the line from him.

A. No, I certainly didn't tell him that. I never discussed that feature of it at all. That is all his statement- his introduction and his question and his decision. "

(Evidence, March 30, 1953,
pp. 51-2)

On March 20, 1953, Mr. Lesk wrote to G. R. Gregg & Vancouver, Limited as follows:

"I am completing plans for our summer sales programme. I would appreciate any definite information you can give me re-

garding supplies of Royal Doulton figurines, etc.

The last time I spoke to Mr. Cousins, the matter of price maintenance came up and my understanding is that unless I agree to maintain the published prices, I will not be supplied with Royal Doulton.

After Mr. Cousins explained your position on this, I telephoned you and you confirmed the information given by Mr. Cousins that representatives of Parsons & Steiner insist that retail outlets which don't maintain their fixed prices will not be supplied with Royal Doulton ware.

I appreciate the courteous businesslike dealings I have had with your firm and I sincerely hope our business relations in the future will continue as in the past."

(Exhibit 10)

Mr. Geddes, of G. R. Gregg & Co., Vancouver, Limited, replied on March 25, 1953, as follows:

"This is to acknowledge receipt of your letter of March 20th, 1953, discussing again the question of supplying you with Doulton Figures. We are sorry that you persist in involving us in a matter, and reading [sic] us into a quarrel which is not in any way ours.

We understand that Parsons-Steiner, Limited, who are Canadian agents for Doulton's disapprove your selling these goods below a generally suggested price, and you seem to immediately and repeatedly make use of this fact as a deciding fact, and charge us as their agent in carrying it out.

The fact is for twenty years we have handled small quantities of these goods, which had until recent years a decidedly limited sale in this market, but for some reason appear to have become very desirable and saleable at a time when their production became still more limited, and remains so with no immediate hope of increase. It has been our practice, and a common and just one, to divide these very limited supplies with regular and old established customers, and while we have continually numerous and new customers appear from various sources seeking supplies, we have consistently divided our small shipments with these established customers, and which would still not represent in all more than ten to fifteen per cent. of what these old established customers would be glad to have.

At the time you opened your new store, and for this reason, we gave you a few pieces, which certainly and properly did

belong to others, and later again when one small lot became available because the purchaser was approaching financial difficulties and could not finance the value involved, for this reason you have attached yourself to us for supplies, and continue to suggest in your demands the fact that we refuse to supply you because of a price cut, while the reason is, and has always been, decided on the question of supplies.

Anything Mr. Cousins may have said to you was in defence of a persistent demand on your part, and to close a subject which had already been many times explained, and in the writer's conversation later on the telephone we made this fact and point quite clear, yet it did not seem to be the answer you wanted, but did represent the fact, and the deciding fact of the matter.

Messrs. Parsons-Steiner discussed this with us, and while we were aware that they disapproved the practice of selling these goods below the suggested prices, the matter never did interest us for the reason that we had no hope of being able to supply your firm with further quantities, so in order to definitely finalize this question, which became a repeated and persistent demand out of our physical powers to relieve, we told them that there would be no more of these lines sent to your firm for the reason that we had none, and had no hope of having them. "

(Exhibit 11)

When examined in regard to this exchange of correspondence, Mr. Geddes made the following statement about Mr. Lesk's letter of March 20:

"MR. SOMMERFELD:

Q. Now you want to make some comment about this?

A. Yes.

Q. Go ahead then Mr. Geddes.

A. He says here: 'I am completing plans for our summer sales program. I would appreciate any definite information you can give me regarding supplies of Royal Doulton figurines, etc.' Now these things are in scarce supply. And people have difficulty in getting these figurines and he is making a stockpile of figurines and is undertaking to sell them at cut prices but that is none of our business. Now he says here: 'The last time I spoke to Mr. Cousins the matter of price maintenance came up' - Well it came up from his side and not ours. Mr. Cousins will have to speak of that himself. But that is the way it was with me, -

and he says: 'the last time I spoke to Mr. Cousins the matter of price maintenance came up and my understanding is that unless I agree to maintain the published prices I will not be supplied with Royal Doulton.' Well he never had any such conversation with our firm. There is not one degree of truth in that - not one degree. And then he says: 'After Mr. Cousins explained your position on this I telephoned you and you confirmed the information given by Mr. Cousins that representatives of Parsons-Steiner insist that retail outlets which don't maintain their fixed prices will not be supplied with Royal Doulton ware. Now there is not any truth to that. What he said to me on the telephone was: 'Are you ready to take an order for Royal Doulton figures?' And I said: 'No I won't take an order from you or anyone else because we don't know whether we will have any or not.' And that is exactly his interpretation of it and his own answers. And this statement he makes here is absolutely wrong. That was not myself who said that for one minute and it wasn't in my conversation and it was most carefully avoided and my answer was 'No we will not take any orders for Royal Doulton figures - from anybody today, but when we have Doulton figures we will offer them to you.' And then he goes on to say 'I appreciate the courteous business-like dealings I have had with your firm and I sincerely hope our business relations will continue in the future as in the past.' Well that is fine."

(Evidence, March 30, 1953,
pp. 40-1)

During further examination by his own counsel, Mr. Geddes gave the following evidence in regard to the same letter:

- "Q. Now Exhibit 10, Mr. Chairman - this is a letter you received from Mr. Lesk, wherein he says 'The last time I spoke to Mr. Cousins, the matter of price maintenance came up and my understanding is that unless I agree to maintain the published prices I will not be supplied with Royal Doulton.' What do you say to those statements there?
- A. I say that it is his own statement - and his idea but I can quote you exactly what I said if it is of any use to you.
- Q. You see here he says 'After Mr. Cousins explained your position on this I telephoned you and you confirmed the information given by Mr. Cousins that representatives of Parsons-Steiner insist that retail outlets which don't maintain their fixed prices will not be supplied with Royal Doulton ware'. Is that a true statement on his part?

A. No, there is not one degree of truth in that statement as he recites it.

Q. Do you know where he got it.

A. Yes, in his imagination. He wanted that answer. He had already started proceedings and he came two or three times and we told him we could not fill the order and that was not the answer he wanted. And he came back time and again -

THE COMMISSIONER: What is the date of that letter?

MR. MAGUIRE: March 20, 1953.

Q. Well you say he was trying to manufacture evidence?

A. Well I don't know anything about that but he likes to conduct the conversation.

Q. You say he told an untruth.

A. Yes.

Q. What reason did you give him?

A. I gave him the reason -

Q. Well what did you say?

A. I said 'We have no goods to offer you. We have no Doulton figures to offer you. When we have them to offer, we will offer them to you.'

Q. As a matter of fact did you have any Royal Doulton in your warehouse at that time?

A. No, we didn't have any - we might have had a small shipment and may have had one since, but when I talked to him we didn't have any prospect of getting any at the time.

Q. You made that clear to him.

A. Well I made it as clear as I could - and I wish you could make it clear to him.

Q. Well when you got that letter you replied to it. That was on March 25th. When he wrote that statement which you say was a lie you wrote back denying it and pointed it out to him.

- A. Yes it was just one more effort to put him on the right line - the line that he always liked to get on, that is the line of fact and not a build up. "

(Evidence, April 2, 1953, pp. 93-5)

The evidence of Mr. Geddes and Mr. Cousins, of G. R. Gregg & Co., Vancouver, Limited, is to the effect that the sales of Royal Doulton figures to Household Fair Limited in 1952 were due to exceptional circumstances related either to the opening of the store in new premises or to the availability of some Royal Doulton figures because a particular customer was unable to accept delivery or because the goods arrived late in the season. It was represented on behalf of G. R. Gregg & Co., Vancouver, Limited, that ordinarily the supply of Royal Doulton figures is insufficient to meet the requirements of long-established customers, and that it is the practice of G. R. Gregg & Co., Vancouver, Limited, to supply the needs of their customers for such goods before selling to other accounts not previously supplied with Royal Doulton figures. When asked whether G. R. Gregg & Co., Vancouver, Limited would again offer Royal Doulton figures to Household Fair Limited if supplies became available, Mr. Geddes gave evidence, to which reference has already been made, that before doing so he would write to Parsons-Steiner Limited and ask if they would give protection if sales had to be made (Evidence, March 30, 1953, p. 25).

CHAPTER VI

CONCLUSIONS

The allegations put before this Commission in this case may be grouped as follows:

- (a) That Parsons-Steiner Limited, of Toronto, Ontario, being a dealer within the meaning of Section 34 of the Combines Investigation Act, did, from time to time during the years 1952 and 1953, require or induce, or attempt to require or induce, certain merchants in the provinces of Quebec, Ontario and British Columbia to resell china and porcelain ware and related products, including Royal Doulton figures, and other Royal Doulton products at prices not less than minimum prices specified by Parsons-Steiner Limited.
- (b) That Parsons-Steiner Limited, being a dealer within the meaning of Section 34 of the Combines Investigation Act, did require or induce, or attempt to require or induce, the same merchants to resell china and porcelain ware and related products at a discount not greater than a maximum discount specified by Parsons-Steiner Limited. From the evidence, however, this allegation would appear to apply only in the case of Archibald & Shepherd (Imports) Limited.
- (c) That Parsons-Steiner Limited did, during the years 1952 and 1953, attempt to induce certain wholesalers in Vancouver, B. C. to refrain from selling Royal Doulton figures to Household Fair Limited of Vancouver, B. C., because the said Household Fair Limited was selling Royal Doulton figures at less than the suggested minimum prices specified by Parsons-Steiner Limited.
- (d) That G. R. Gregg & Co., Vancouver, Limited of Vancouver, B. C., being a dealer within the meaning of Section 34 of the Combines Investigation Act, did, during the years 1952 and 1953, refuse to sell or supply Royal Doulton figures to the said Household Fair Limited for the reason that the said Household Fair Limited had resold Royal Doulton figures at prices less than the suggested minimum prices specified by the said G. R. Gregg & Co., Vancouver, Limited.

1. Action of Parsons-Steiner Limited Respecting Retail Prices

It has long been the practice of Parsons-Steiner Limited to

issue to the trade a list of retail prices for Royal Doulton figures and related specialty lines, for which Parsons-Steiner Limited is the exclusive Canadian agent for Doulton & Co. Limited. It is not shown by the evidence whether Parsons-Steiner Limited has issued such lists for the entire period since it became agent for Doulton & Co. Limited in 1933, but the practice had been followed for a number of years prior to 1952. Before the amendment made to the Combines Investigation Act in December 1951 affecting the practice of resale price maintenance, the prices in the retail price lists issued by Parsons-Steiner Limited were called standard retail prices, and subsequently have been referred to as suggested retail prices. It is the desire of Parsons-Steiner Limited that the suggested retail prices be observed by merchants, as in its view price uniformity is necessary to avoid what is termed "confusion" in the sale of goods classed as a prestige line of pottery. While it is stated that complaints of non-observance of the suggested retail prices issued by Parsons-Steiner Limited have been received relatively infrequently, it has been the policy of Parsons-Steiner Limited, on the receipt of such complaints, to endeavour through correspondence or personal visit, to have the merchants complained against fall in line with the suggested retail prices when they were selling at lower prices. With the exception of Sydney Reynolds Limited of Victoria, B. C., and Archibald & Shepherd (Imports) Limited of Vancouver, B. C., the merchants whose names are set out in the first paragraph of allegations in the Statement of the Director were retailers against whom complaints of non-observance of suggested retail prices were made to Parsons-Steiner Limited, and whose prices Parsons-Steiner Limited endeavoured to see were brought into line with those set out in the suggested retail price list.

It does not appear necessary, except in the case of Household Fair Limited which is dealt with below, to review in detail the steps taken by Parsons-Steiner Limited in the case of these retailers. It was admitted that it was the policy of Parsons-Steiner Limited to seek observance of suggested retail prices by requesting or asking merchants to adopt such prices as actual selling prices when it was reported that they were charging lower prices. The steps usually taken by Parsons-Steiner Limited are indicated in the instances cited in the Statement of the Director and described earlier in this report. First, there would be the receipt of a complaint that suggested retail prices were not being observed. Second, a letter would be sent to the retailer complained against pointing out that prices in the particular instances were below those contained in the suggested price list. Third, if this letter did not bring a reply that prices would be brought into line or had not, in fact, been lowered, a request would be made for definite assurance that the suggested retail prices were being maintained.

Sometimes an investigation might be made locally and a personal visit made to the retailer to request him to bring his prices

into line if indication of non-observance had been found.

The prohibition of the practice of resale price maintenance as defined in Section 34 of the Combines Investigation Act does not by its term proscribe the issuance by a dealer of price lists or the independent action by a merchant in adopting prices on such lists as his own selling prices. The section does make it unlawful for a dealer "directly or indirectly by agreement, threat, promise or any other means whatsoever, [to] require or induce or attempt to require or induce any other person to resell an article or commodity" at or at not less than a specified price or markup or at a discount not greater than specified. Section 34 defines a "dealer" as "a person engaged in the business of manufacturing or supplying or selling any article or commodity". Parsons-Steiner Limited is clearly a dealer under the terms of this definition. The requests made to R. I. Cherry, carrying on business under the firm name and style of The Gift Shop, 54 de la Fabrique Street, Quebec, P. Q.; The China Shop, 12 de la Fabrique Street, Quebec, P. Q.; Lords Jewellers, 533 Ouellette Avenue, Windsor, Ontario; Woodward Stores (Victoria) Ltd., Douglas and Courtney Streets, Victoria, B. C. and Woodward Stores Limited, Vancouver, B. C. constituted actions to induce or attempt to induce the said retailers to resell Royal Doulton products at prices not less than minimum prices specified by Parsons-Steiner Limited.

In the case of Sydney Reynolds Limited of Victoria, B. C., the occasion for the correspondence contained in the exhibits was a report by the Victoria firm to Parsons-Steiner Limited that another retailer in Victoria was failing to observe the suggested retail prices issued by Parsons-Steiner Limited. Nevertheless, the latter, in acknowledging the receipt of the report of Sydney Reynolds Limited in a reply of April 30, 1952 (Exhibit 27, serial 2), included a request that Sydney Reynolds Limited check its own prices and see that they were in accordance with the prices in a new retail price list which was enclosed. While there was no suggestion that the prices of Sydney Reynolds Limited did not conform with the suggested price list issued by Parsons-Steiner Limited, the latter was definitely seeking to ensure that no departures from its price list were made by Sydney Reynolds Limited. The action of Parsons-Steiner Limited in this instance must, therefore, be regarded as an attempt to induce the desired behaviour. The fact that in the particular circumstances the action was not necessary in order to secure the desired result does not make it any the less an attempt to induce.

In the first paragraph of the allegations in the Statement of the Director it is alleged that Parsons-Steiner Limited did require or induce or attempt to require or induce Household Fair Limited of Vancouver, B. C., among others, to resell certain lines of pottery at a price not less than a minimum price specified by Parsons-Steiner Limited. It is clear from the evidence that there were no dealings of any kind directly between Parsons-Steiner Limited and Household Fair

Limited. The question thus arises, did Parsons-Steiner Limited indirectly attempt to induce Household Fair Limited to resell at not less than a specified price. The letter of June 6, 1952, from Parsons-Steiner Limited to G. R. Gregg & Co., Vancouver, Limited (Exhibit 5; Exhibit 27, serial 11) had two aspects. First, in the event of G. R. Gregg & Co., Vancouver, Limited being the supplier, request was made to make it difficult to obtain supplies in future. In the second place reference was made to the anxiety of Parsons-Steiner Limited to have the suggested retail prices maintained, and a request was made for co-operation and assistance on the part of G. R. Gregg & Co., Vancouver, Limited. It is evident that Parsons-Steiner Limited was anxious that G. R. Gregg & Co., Vancouver, Limited should take some action directed toward lessening the possibility of Household Fair Limited reselling Royal Doulton figures and Royal Albert pottery at less than the suggested retail prices. As far as the evidence goes, it would appear to indicate that the action desired by Parsons-Steiner Limited would be in the direction of controlling the supplies going to Household Fair Limited rather than attempting to induce the latter to maintain the suggested retail prices. However, an attempt of this kind is not precluded by the evidence, and the reply from G. R. Gregg & Co., Vancouver, Limited of June 12, 1952, (Exhibit 6; Exhibit 27, serial 12) which was endorsed by Parsons-Steiner Limited in the acknowledgment of June 19, 1952 (Exhibit 7; Exhibit 27, serial 14) indicated that efforts would be made to obviate the possibility of Household Fair Limited selling goods purchased from G. R. Gregg & Co., Vancouver, Limited at less than the suggested retail prices without necessarily declining to supply goods to Household Fair Limited. Whether the efforts of Parsons-Steiner Limited constituted an indirect attempt to induce Household Fair Limited to observe the suggested retail prices may, perhaps, be open to argument, but it is clear that the actions of Parsons-Steiner Limited on this occasion and on a subsequent occasion, to which further reference is made below, must be regarded as counselling, suggesting or advising the refusal of supplies to Household Fair Limited for reasons contrary to the legislation respecting the practice of resale price maintenance.

2. Action of Parsons-Steiner Limited Respecting Wholesale Prices

In the case of Archibald & Shepherd (Imports) Limited of Vancouver, B.C., Parsons-Steiner Limited was concerned with a firm engaged in wholesaling Royal Albert china, for which Parsons-Steiner Limited is also agent in Canada. In the letter of October 3, 1952, to Archibald & Shepherd (Imports) Limited, (Exhibit 27, serial 41), Parsons-Steiner Limited points out that the former was wholesaling the line of china at prices slightly lower than those maintained by all other jobbers in Canada, and requested that the matter be checked to see that the prices were brought into line with

a scale of discounts from retail list prices which was set out in the letter. It is our opinion that the action of Parsons-Steiner Limited constituted an attempt to induce Archibald & Shepherd (Imports) Limited to resell at a discount not greater than a maximum discount specified by Parsons-Steiner Limited. It would appear from the reply of October 8, 1952 from Archibald & Shepherd (Imports) Limited, (Exhibit 27, serial 42), indicating that prices would be brought into line, that the attempt was successful.

3. Action of Parsons-Steiner Limited Respecting
Supply of Royal Doulton Figures to Household
Fair Limited of Vancouver, B. C.

The steps taken by Parsons-Steiner Limited in its attempts to induce wholesalers in Vancouver to control the supply of Royal Doulton figures to Household Fair Limited, in so far as these can be definitely established from the evidence, consist of the letter of June 6, 1952 to G. R. Gregg & Co., Vancouver, Limited and the series of similar letters dated September 18, 1952 to the four Vancouver wholesalers, including G. R. Gregg & Co., Vancouver, Limited. The terms of the letters of both dates are by no means specific as to the exact nature of the action which Parsons-Steiner Limited desired to be taken, but it is obvious, in view of the attitude of Parsons-Steiner Limited over a period of years toward the maintenance of its suggested retail prices, that explicit wording would not be necessary in order to convey a definite meaning to wholesalers with whom Parsons-Steiner Limited had had extensive dealings. Certainly the four wholesalers in Vancouver who received the letters of September 18, indicated by their replies that they understood that Parsons-Steiner Limited was taking exception to the fact that Household Fair Limited had been selling Royal Doulton figures at prices lower than the suggested retail prices issued by Parsons-Steiner Limited. It is the case that in its letters of September 18, Parsons-Steiner Limited made mention both of the sale of Royal Doulton figures by Household Fair Limited at prices considerably under the suggested retail prices, and of the report that Royal Doulton figures were being displayed in an undignified manner by Household Fair Limited. In our opinion, it was the question of the selling prices of Household Fair Limited which was the impelling consideration in Parsons-Steiner Limited taking the action which it did, and that this was so regarded by the wholesale firms in Vancouver who received the letter of September 18. It is also our opinion that Parsons-Steiner Limited attempted to induce G. R. Gregg & Co., Vancouver, Limited; McLennan, McFeely & Prior Limited; Marshall Wells B. C. Limited and Cassidy's Limited, all of Vancouver, B. C., to refrain from selling Royal Doulton figures to Household Fair Limited because the said Household Fair Limited was selling Royal Doulton figures at prices less than the suggested retail prices specified by Parsons-Steiner Limited.

The acts of Parsons-Steiner Limited dealt with above appear to have been in furtherance of the general policy of the company at the time. There is evidence that the late Mr. H. M. S. Parsons, president of the company until his death in May 1953, played a principal part in shaping the policy of Parsons-Steiner Limited toward the distribution of Royal Doulton figures and other goods in which the company was interested, which were regarded as prestige lines. Mr. E. A. Steiner, vice-president of Parsons-Steiner Limited during the period to which the allegations relate, shared the management of the company with the late Mr. Parsons, and must, therefore, be considered as having a greater measure of responsibility than E. W. Steiner and J. G. McEwan, who then held positions as salesmen. All the persons named were concerned in the misconduct disclosed in the preceding paragraphs of this chapter, but there appears to have been no instructions on the part of any one leading to the said misconduct; instead there seems to have been a failure to make sure that the general policy of the company was brought into conformity with the law as contained in the amendment to the Combines Investigation Act enacted in December 1951.

4. Refusal of G. R. Gregg & Co., Vancouver,
Limited to Sell Royal Doulton Figures to
Household Fair Limited of Vancouver, B. C.

In the letter of June 12, 1952, from G. R. Gregg & Co., Vancouver, Limited to Parsons-Steiner Limited (Exhibit 6; Exhibit 27, serial 12) it is stated that the former sold 9 Royal Doulton figures to Household Fair Limited on February 27, and invoices included in the exhibits in the inquiry show that G. R. Gregg & Co., Vancouver, Limited made further sales of Royal Doulton figures to Household Fair Limited on June 6 (8 figures), September 3 (22 figures), September 10 (1 figure) and September 11 (12 figures). It is also in the evidence that subsequently G. R. Gregg & Co., Vancouver, Limited did not sell Royal Doulton figures to Household Fair Limited, although Albert Lesk of Household Fair Limited sought supplies of such products from G. R. Gregg & Co., Vancouver, Limited on several occasions, and particularly on February 9, 1953. It was admitted on behalf of G. R. Gregg & Co., Vancouver, Limited that it had refused to take orders for Royal Doulton figures from Household Fair Limited, but it was held out that this was a qualified refusal made necessary by the fact that G. R. Gregg & Co., Vancouver, Limited did not receive sufficient supplies of Royal Doulton figures to meet the requirements of its older customers, who were entitled to have such goods because of prior purchases over a period of years. There is the evidence of Albert Lesk that he was informed by G. F. Cousins, a salesman for G. R. Gregg & Co., Vancouver, Limited, that if the latter sold to anyone who did not maintain the suggested retail price, the wholesaler might lose the line, and the further evidence of Albert Lesk that he

was informed during a telephone conversation with someone at the office of G. R. Gregg & Co., Vancouver, Limited that the latter was not going to lose the Royal Doulton line by supplying Household Fair Limited or anyone else who cut the price. The substance of Albert Lesk's evidence was denied by G. F. Cousins and by Herbert Geddes, president and manager of G. R. Gregg & Co., Vancouver, Limited, who stated that the only reason for not making further sales of Royal Doulton figures to Household Fair Limited, was the reason mentioned above, namely, insufficient supplies.

There is the additional evidence of the letter of September 26, 1952, from G. R. Gregg & Co., Vancouver, Limited to Parsons-Steiner Limited (Exhibit 9; Exhibit 27, serials 37 and 38) dealing with the matter of supplying Royal Doulton figures to Household Fair Limited. The last paragraph of this letter was as follows:

"We will not sell him any more Doulton Figures on any account, or offer him any, no matter how he applies for them, directly or indirectly, and whether or not he undertakes to observe the prices, for he is under the understanding that he is to observe the prices, and if he has not done it we will be just as glad to turn his business down as you will be. Since, however, we are not in a position to say that he might be using one or two of our Figures if he is cutting prices, we are still of the opinion that his supplies reached him before we ever did any business with him and that the few that we have ever sold him have never constituted sufficient for him to make any display, or any influence in that market. Nevertheless, this is a closed chapter as far as he is concerned, and he will have no more Doulton Figures from us at any price, at any time."

Mr. Hebert Geddes, in his evidence, described the assertions in this paragraph of his letter as being in the nature of a desperate sweeping statement to close a matter about which he could do nothing but talk. The statements in the letter do not bear this construction. They set out a definite and clear decision on the part of G. R. Gregg & Co., Vancouver, Limited to refuse to sell or supply Royal Doulton figures to Household Fair Limited because the latter had resold or offered to resell such goods at a price less than a minimum price specified by G. R. Gregg & Co., Vancouver, Limited. We are of the opinion that the subsequent refusal of G. R. Gregg & Co., Vancouver, Limited to sell such goods to Household Fair Limited demonstrated that such a decision was made for the reasons therein indicated. In our view the evidence, on the whole, permits of no other conclusion than that G. R. Gregg & Co., Vancouver, Limited refused to sell or supply Royal Doulton figures to Household Fair Limited for the reason that the latter had resold or offered to resell such articles at a price less than a minimum price specified by G. R. Gregg & Co., Vancouver, Limited. The attitude of Parsons-Steiner Limited appears to have influenced G. R. Gregg & Co., Vancouver, Limited to refuse further supplies of

Royal Doulton figures to Household Fair Limited, and it may well have been that without such influence, G. R. Gregg & Co., Vancouver, Limited would have continued to make sales of such goods to Household Fair Limited, as it had done prior to September 26, 1952. Nevertheless G. R. Gregg & Co., Vancouver, Limited was not under the control of Parsons-Steiner Limited, and it made its own decision as to its policy toward Household Fair Limited. That decision would appear to have been made by Herbert Geddes, president and manager of G. R. Gregg & Co., Vancouver, Limited, in view of his letter of September 26, 1952 to Parsons-Steiner Limited. It was carried out by both Mr. Geddes and George F. Cousins, salesman for G. R. Gregg & Co., Vancouver, Limited. There is nothing in the evidence to show that George F. Cousins had any responsibility in establishing company policy, and it should be assumed that, in acting as he did, he was following instructions from his superiors.

5. General

The legislation respecting resale price maintenance enacted by Parliament is intended to preserve freedom of competition by preventing any limitations as to minimum prices being imposed by dealers in the course of trade. The purpose of the legislation would be defeated if indirect means could be employed to secure the same uniformity of prices which could have been imposed, in the absence of the legislation, by direct requirement of the supplier. It was argued before this Commission that the goods involved in this case were in the nature of luxury goods of superior quality, and that uniformity of prices was necessary to avoid confusion or chaos in the trade and to ensure the successful marketing of the goods. The legislation, however, makes no distinction as to types or qualities of goods, and seeks to preserve the public interest in free competition in all avenues of trade. Where a particular practice is stated by legislation to be contrary to the public interest, it is not possible to hold that the interest of any trade or section of a trade can be taken as supplanting the public interest as expressed in that legislation.

It may be observed that the evidence in the inquiry does not point to the imminence of conditions of chaos or confusion, except to the extent to which some traders regard any departure from an accepted price as an element tending toward confusion. It may be accepted that one of the purposes of the legislation respecting resale price maintenance is to enable the individual merchant to exercise his independent judgment in the determination of the prices at which he will offer his goods to the public and, consequently, to widen the opportunities available to the public to choose as to the price to be paid in the purchase of particular goods. The differing conditions under which different merchants operate would be expected to lead to variations among them in their decisions as to the price at which

goods will be offered to the public, but such variations are expressions of competitive enterprise and the use of terms such as "chaos" or "confusion" in such circumstances is a failure to appreciate one of the necessary elements of effective competition, namely, competition in price.

It would appear that the parties concerned in the misconduct described in this report failed to take full account of the effect of the legislation on the practice of resale price maintenance. There appears to have been a recognition that a supplier could no longer expressly require the observance of minimum resale prices, but actions were taken by which it was sought to accomplish the same end by indirect means. The legislation clearly intended to free merchants from being influenced to act in the same way as they would if subject to requirement as to minimum prices. In an earlier report we suggested that companies which issue lists of "suggested" prices might find it advantageous to inform both their employees and their customers that no compulsion or requirement is intended in the issuance of such price lists, and that, under the law, no limitation may be placed on the freedom of a purchaser to resell the article at a lower price. If the application of the legislation was clearly recognized in some such way there would appear to be less likelihood of officers or employees attempting to use lists of "suggested" prices in an improper way.

(Sgd.) C. R. Smith

Chairman

(Sgd.) A. S. Whiteley

Member

Ottawa,
March 10, 1954.

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